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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2472

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INDUSTRIAL ROBOTS, MANIPULATORS IN CEMA COUNTRIES VIEWED

Prague PPT REVUE in Czech, No 4, 1983, pp 115-118

[Article by Eng Jan Valevsky, Communications Research Institute, Prague; passages in slantlines printed in boldface]

[Text] At a time of the practical exhaustion of labor force resources and the serious conservation of energy and raw materials, a single inexhaustible resource for the intensification of the national economy, namely research and development, comes to the fore. One of the interdisciplinary outcomes of research and development (R&D) are industrial robots and manipulators, the production of which has been increasing continually in the industrially advanced countries. Industrial robots and manipulators (hereafter IR&M) are being used primarily in engineering applications for turning, forming, welding, surface modifications and assembly operations, but are expanding as well into many non-engineering sectors.

The processes to which IR&M may be applied in the area of postal operations and the dissemination of printed matter are closest by nature to materials handling. In comparison with technical production processes, this field of activity is related more to daily physical effort by employees or to fatigue from monotonous work, and in comparison with increasing technical and organizational progress in the production sphere what stands out is its relative primitiveness. For this reason, despite the progress which has been achieved in the mechanization and automation of the classifying processes in our postal system, the pioneering role of the GDR communications sector in introducing IR&M into the areas of the post office and dissemination of printed matter has been inspirational. This trend is the logical outcome of the planned and broadly based development of robotics in the GDR.

Characteristics, Classification and Functions of IR&M

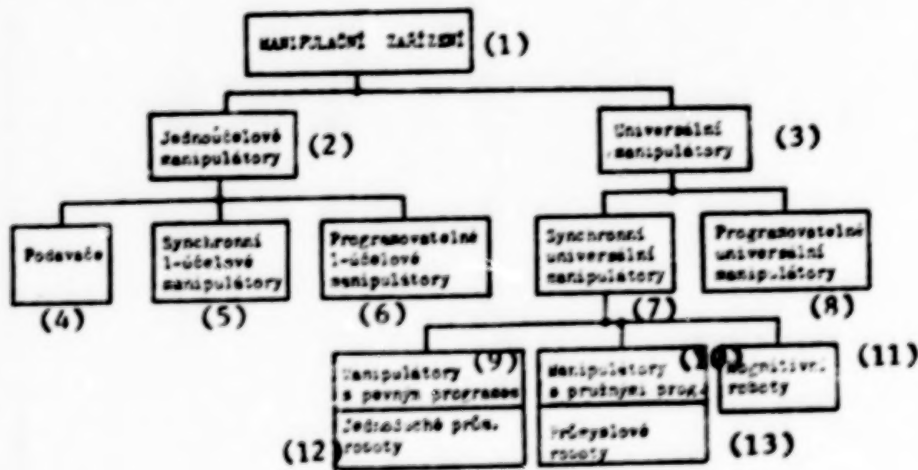
A robot is defined as an automatic or computer controlled integrated system capable of autonomous, goal oriented interaction with its environment according to human instructions. These instructions consist both of the perception and recognition of the environment and of the handling of objects or movement within this environment. Robots constitute a special group within the broader

concept of handling equipment. Industrial robots differ from handling equipment mainly in a higher level of control.

Figure 1 presents a classification of industrial robots and manipulators. /Feeders/ are usually components of equipment.

/Single purpose manipulators/ have a limited number of degrees of freedom and a limited range of movement, and their control is adapted to a single purpose. For this reason they are substantially less expensive than universal manipulators.

Figure 1. Classification of Industrial Robots and Manipulators



Key:

1. handling equipment
2. single purpose manipulators
3. universal manipulators
4. feeders
5. synchronous single purpose manipulators
6. programmable single purpose manipulators
7. synchronous universal manipulators
8. programmable universal manipulators
9. manipulators with fixed program
10. manipulators with flexible program
11. cognitive robots
12. simple industrial robots
13. industrial robots

/Synchronous single purpose manipulators/ are mechanisms acting to magnify strength--such as levers designed to lift or manipulate loads. Synchronicity is understood here to mean direct manual control by a person.

/Programmable single purpose manipulators/ are controlled by a program mechanism with either a fixed or changeable program.

/Universal manipulators/ have a greater range of handling possibilities which are determined by their kinematic parameters. They have internal controls and are independent of operating equipment in their configuration, powering and function.

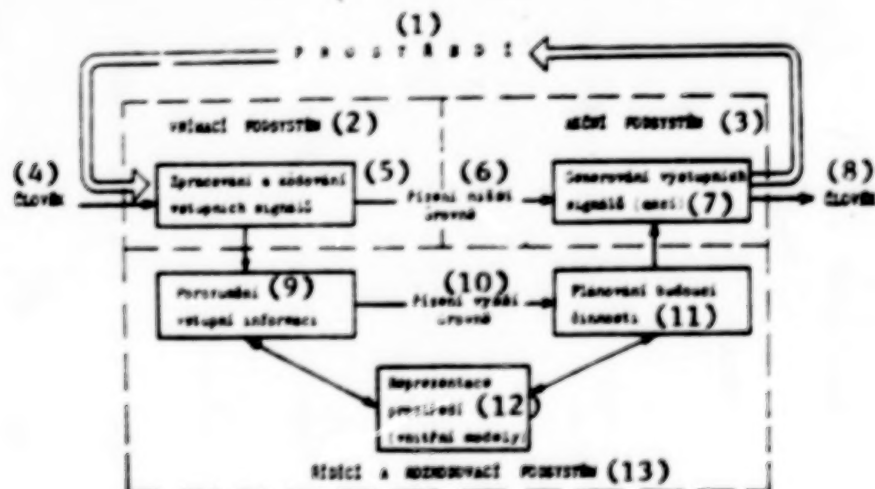
/Synchronous universal manipulators/ are also called teleoperators. An example is the remote control operation of so-called hot rooms with radioactive materials.

/Manipulators with flexible programs/ (industrial robots) have adaptable controls and represent the current state of the art.

/Cognitive robots/ at present belong only to the research sphere. They will be outfitted with perceptive capabilities and the ability to think rationally.

Figure 2 presents a flow chart of the structure of a robot as a cybernetic system.

Figure 2. Flow Chart of Robot Structure as a Cybernetic System



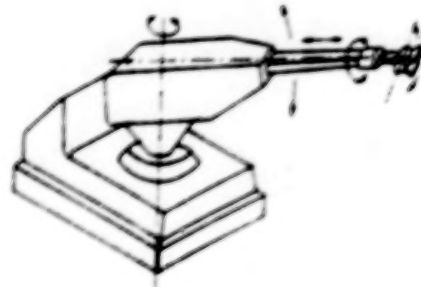
Key:

- | | |
|--|--|
| 1. environment | 10. higher level control |
| 2. perceptive subsystem | 11. planning of future actions |
| 3. command subsystem | 12. representation of environment (internal modelling) |
| 4. person | 13. control and decision subsystem |
| 5. processing and coding of input signals | |
| 6. lower level control | |
| 7. generation of output signals (commands) | |
| 8. person | |
| 9. comprehension of input information | |

The input signals represented in Figure 2 may be of varying physical characteristics (visual, acoustic, temperature, etc). The sensors on the robot correspond to the nature of the inputs. Currently the most important R&D for the future of robotics is in adaptive systems with visual sensors which make possible numerous operations, among them rapid categorization, classification, routing and sign recognition.

Figure 3 depicts an example of schematic robot construction and its movement possibilities. The robot pictured here operates in a space with the approximate shape of a spherical zone.

Figure 3. Example of schematic robot structure



The use characteristics of IR&M include:

- maximum weight values of materials being handled,
- the number of degrees of freedom for arm and gripper and the range of its movement,
- precision positioning of manipulated objects,
- the technique for controlling and programming the IR&M,
- outfitting with special sensors when necessary.

We divide robots into four developmental generations according to the degree of artificial intelligence that the robot in question possesses. Table 1 presents the characteristics of each generation. [see next page]

IR&M Development in CEMA Countries

In 1981, at the congresses of the communist parties of most of the socialist countries, the development of automation and robotization was included among the strategic objectives for the further development of national economies and effective measures adopted to meet this objective.

In the USSR, IR&M development was the subject of the CPSU Central Committee Plenum in August 1980, as well as at other gatherings. During the current 5-year plan the USSR is to produce more than 32,000 IR&M in order primarily to fill complex deliveries of technical equipment along with the pertinent operating IR&M's. IR&M R&D is being participated in by 10 organizations of the USSR Academy of Sciences and the Academies of Sciences of the union republics, by about 50 sectoral organizations and more than 50 colleges.

Table 1 Developmental Generations of Robots

Generation	Program Activity	Interaction with humans	Level of Realization
0	none	human ON-LINE	already produced
	fixed (installed when built)		
	chosen beforehand		
1	independent switching of several programs	human OFF-LINE (contact at request of program)	research equipment
	independent creation of programs for given objectives (simple)	symbolic communication with humans--physical transfer	
2	independent creation of programs (complex) --learning from experiences --branching programs --symbolic feedback and real time decision making --task resolution in changing environment	communication by spoken word	at level of studies
3	independent goal selection	social behavior	

In the Bulgarian People's Republic the development of robotization has been identified as the second major strategic objective of the party for industry. The progress of the GDR into the robotization age is imposing. The 10th Congress of the SED set the objective of putting in place by 1985 40-45,000 industrial robots, thereby freeing up more than 100,000 workers for other, as much as possible more qualification-intensive tasks. Upon completion of this program the GDR will belong among the most advanced countries of the world in the area of robotization.

The demanding tasks connected with the robotization of the national economy, which require substantial R&D and production capabilities, cannot be resolved in isolation. At the 38th CEMA session in Budapest therefore, a General Agreement On Multilateral Cooperation in the Area of the Development and Organization

of the Specialized and Cooperative Production of Industrial Robots was signed. This agreement calls for the organization of a Prime Contractor's Council and a Coordination Center for this promising area of cooperation. Based on a clarification of the IR&M developmental programs of CEMA countries, a design is being formulated for the most efficient possible IR&M modular systems along with the requisite measures to concentrate capacities for their testing and production. Multilateral cooperation among countries of the council is also developing rapidly. Our primary workplace for production sector No 479--IR&M at the Research Institute for the Metals Industry in Presov is cooperating on robot R&D with, for instance, the ENIMS Institute in Moscow or with the BEROE R&D collective in Stara Zagora in the Bulgarian People's Republic.

Developmental Concept for IR&M in CSSR

Likewise, the CSSR Government has included IR&M development among its selected state target programs and through its resolutions is pursuing a coordinated approach to robotization throughout the national economy. The CSSR Government Presidium, at its December 1981 Plenum, adopted resolution No 211/81, and the CSR and SSR Governments the subsequent resolution No 6/82 in January 1982 on the developmental concept for industrial robots and manipulators. These resolutions direct the appropriate ministries to assure the necessary production of IR&M, their components, the needed investment, etc, and further order the formulation, in selected sectors, of programs for utilizing IR&M in the Seventh 5-Year Plan with the objective of expanding their use, especially in the future.

A fundamental objective of this program is to produce by 1985 and put in place more than 3000 IR&M, thereby conserving 5,500 production workers. By 1990, 13,000 IR&M are to be incorporated in both engineering and non-engineering technologies. The coordinator of the robotization program is the Federal Ministry of General Engineering. The function of the responsible organ is being filled by the Research Institute of the Metallurgical Industry in Presov, which is an independent research and production organization directly subordinate to the Federal Ministry of General Engineering, with facilities in Prague, Brno and Kosice.

By 1981, 17 basic types of IR&M had been developed in the CSSR. Within the context of the program for the Eighth 5-Year Plan, development will continue between 1981 and 1985, as part of the research program "Adaptive Industrial Robots and Manipulators," on additional types of unified manipulators and adaptive robots, on equipment for transporting between operations, and on auxiliary equipment such as high capacity storage tanks, positioners, manipulators, etc. The foregoing equipment is either being mass produced or is being prepared for production. These projects are being participated in by a total of 12 of our production and research organizations in conjunction with colleges and foreign partner organizations.

Proof of the concern for the necessary lead time in the training of qualified personnel includes the startup of interdisciplinary studies of IR&M-related subjects at certain college engineering departments. Another manifestation are the postgraduate programs for technical college graduates working in the fields of production automation, materials handling, etc. Specialized workplaces and

professional groups of the Society for Scientific Technology organize seminars and courses for technical employees with a high school education.

The long-range projection for IR&M application in the CSSR is shown in Table 2. These figures are based on analyses of worldwide developments as well as Czechoslovak conditions and requirements, including anticipated technico-economical advances. (From the Federal Ministry of Technical and Investment Development, 1979)

Table 2

Year	1985	1990	1995	2000
Total number of operational IR&M	3,000	33,000	46,000	65,000
Work Force Savings	8,000	100,000	140,000	200,000
Shift Work Coefficient at Work-places with IR&M	1.8	2.2	2.5	2.0

Robotization in the GDR

The objective set by the 10th Congress of the SED for the introduction of IR&M is being energetically met. This is shown by recent statistical data, which indicate that by the end of 1982, 21,000 IR&M had already been put in place in the GDR. The GDR had thus passed the FRG in relative density of robotization. The large scope of application of this technology demands the constant control of the effectiveness of this technology demands the constant control of the effectiveness of the resources being expended. At present, the development and production of IR&M in the GDR is characterized by a broad range of types, although most of this equipment, designated for combines or enterprises, is produced in-house for the production of rationalization resources.

So as to be able to evaluate in a unified way the costs and benefits of robotization, the State Planning Commission of the GDR has developed methodological guidelines for the planning and evaluation of the economic efficiency of the introduction of IR&M. According to these guidelines, the economic and social impact of the introduction of IR&M are marked by:

--increased output,

--the freeing up of labor and the conserving of positions,

--an increase in, and more intensive utilization of, the fund of productive machinery time,

--the gradual elimination of health-threatening, physically tiring and monotonous activities,

--improvement in technical and production-organizational conditions, which is evident in smoother work flow and higher quality work accompanied by declining costs of production,

--increased asset effectiveness resulting from the introduction of improved technology, which is a component of comprehensive mechanization and the gradual automation of entire production divisions.

The criterion for the effective incorporation of IR&M in the GDR is the meeting of the following minimal indicators:

- the freeing up of an average of 2.5 employees per IR or M,
- the three-shift utilization of assembly lines outfitted with IR&M,
- a maximum 3-year payback period for the investment in IR&M.

Application of IR&M in Postal System and for Dissemination of Printed Matter in the GDR

The GDR communications sector had been assigned the task of developing, producing and introducing 250 IR&M by 1985. The Post and Telecommunications Institute (IPF), in cooperation with researchers and experienced employees of the RFZ [expansion unknown], the Permeldebau combine, the material supply centers for the communications sector, the Main Maintenance and Repair Workshops for Motor Vehicles, and postal organizations undertook extensive research to determine the possibilities of the effective integration of this technology. The results of this research were assembled in a report of the GDR Ministry of Communications, entitled "The Concept for the Development, Production and Introduction of Industrial Robots and Manipulators in the GDR Communications Sector" for 1981-1985. In accordance with the main rationalization guidelines up to 1985 and on the basis of the currently achieved level in the GDR of the development of microelectronics and robotics, the following applicational areas were defined, taking into account the diverse character of the technical processes in the postal system and in the dissemination of printed matter:

1. The rationalization and comprehensive automation of certain procedures in package processing. This is primarily a question of developing programmable single purpose manipulators for the feeding and transferring of packages utilizing programmable control systems and applying microcomputers.
2. The rationalization and partial automation of the exchange of postal containers between modes of transportation. At the same time, semiautomatically controlled floor transport systems will be developed and introduced.
3. The rationalization and automation of the feeding and classifying of letters during their machine processing through the introduction of mechanized manipulators.
4. The rationalization and partial automation of the emptying of postal containers within the freight processing system of the transportation sector through the introduction of equipment for the emptying of containers.

In addition to the above main objectives, further applications will be developed for industrial robots in the communications sector. Practical work was begun in 1982, and the intensity of implementation of this equipment will grow in a

planned manner in future years. The GDR communications sector is also producing and developing industrial robotic equipment for other sectors of the national economy.

IPF Objectives for IR&M Introduction

The development, production and application of IR&M places technically new and demanding tasks before the GDR communications sector. To realize state plan objectives, the GDR Ministry of Communications has defined the following areas which condition the effective introduction of IR&M:

- the organization and management of operational procedures,
- creating scientific and technical lead time,
- providing a material and technical base and production facilities,
- incorporating the requisite investments in the plan,
- providing the necessary personnel.

The IPF has been entrusted above all with the task of providing the requisite R&D lead time. For this reason, there has been created within the IPF a division of robotics and manipulative technology, the objectives of which basically focus on the following areas of activity:

- the development of robotics and manipulative technology for the postal system and the dissemination of printed matter,
- the coordination of all work in the development, production and introduction of IR&M in the German postal system,
- R&D assistance to organizations of the German postal system in the application of industrially produced IR&M in those locations where the preconditions exist for their effective introduction,
- the coordination of the cooperational components of the German postal system and the organization of cooperation with the corresponding components of other national economic sectors.

The accelerated practical introduction of IR&M in the period of only 2 years requires tight coordination of tasks between developers, producers and users. It is therefore necessary to resolve comprehensively and to provide for the requisite investment directives and resources, the material and technical assurance of the production of prototypes and massproduced units, preparations for the introduction of IR&M at user facilities and the maintenance of installed units.

The applications of IR&M in the communications sector of the GDR national economy is characterized by a predominance of single purpose manipulators. These manipulators correspond to the technical requirements dictated by the peculiarities of the operational procedures in the area of the postal system

and the dissemination of printed matter. In contrast to the traditional economic sectors of the metallurgical processing industries, in which most installations are of flexible IR&M, problems are occurring in the above areas in meeting the criterion of freeing up 2.5 workers for every installed IR or M. At present this guideline cannot be adhered to very often. With regard to this, it has been emphasized in the GDR that the projected economic impact may be achieved only by implementing comprehensive rationalization, that is, by the thorough linking of IR&M installations with the rationalization of entire technical procedures.

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PARTY OFFICIAL CALLS FOR HIGHER MEAT PRODUCTION

Sofia ZHIVOTMOVUDSTVO in Bulgarian No 9, 1983 pp 1-3

[Article by Docent Mikho Semkov, deputy head of the BCP Central Committee Agriculture Department: "Let Us Accelerate Meat Production Intensification"]

[Text] The steadily increasing requirements and purchasing power of our people require a steady increase in the production of food from animal origin. Per capital consumption of meat and meat products increased from 49 kg in 1972 to 67 kg in 1982, or by 36 percent; that of milk and dairy products increased respectively from 164.8 to 206 liters.

The study of past results indicates that in cattle breeding meat production increased by 22,000 tons between 1971 and 1980, 11,000 tons of which as a result of the increased number of cows, while intensive factors account for only 50 percent. The average increase in meat production per cow in basic herds was insignificant — from 145 kg during the 6th to 161 kg during the 7th Five-Year Plan; in countries with advanced livestock breeding average meat production per cow ranges between 205 and 210 kg. Tremendous yet still unused possibilities of increasing the amount on the basis of intensification exist. The main ways to achieve this are the following:

Increasing the number of offspring by raising livestock fertility. This is one of the great but insufficiently used reserves in our animal husbandry. Between 1976 and 1981 the public farms averaged 78.1 calves per 100 cows. One third of the okrugs averaged 83-84 calves, whereas Plovdiv and Kyustendil Okrugs averaged 89.5-91 calves. If the average fertility in cattle breeding were to reach that of Plovdiv Okrug, an additional 63,000 calves would be produced nationally, or 13,000 tons of veal in slaughtered weight. Even ignoring records but fulfilling the entirely realistic task of the five-year plan of an average fertility of 85-86 calves will increase the number of offspring by some 25,000 and the average amount of beef per cow by 10 kg.

Opportunities in sheep breeding are even better. Here the national fertility has averaged about 95 percent in recent years. Raising it to the level reached by Turgovishte Okrug in 1982 of 102.9 lambs per 100 sheep (which is entirely realistic and possible), an additional 345,000 lambs would be obtained nationally, i.e., 5,500 tons of lamb in slaughtered weight. Fertility in hog breeding is also low — 1,465.4 pigs per 100 sows with 1,800-1,850 possible.

The use of young female animals for producing a single offspring is an important reserve in increasing the number of offsprings. Every year between 80,000 to 100,000 heifers which could produce one offspring are sent to the slaughterhouses. Assuming that only 50,000 of them would produce one offspring, meat production per cow could be increased by 15 kg. Equally great possibilities exist in the case of sows, early fertilization of sheep, obtaining one more lamb per written-off sheep, etc.

Fertility in livestock breeding can be increased through good organization and application of contemporary achievements of science and technical progress. The object is to ensure the fertilizing of all young animals once they are of breeding age, which is 16-18 months for cows, ensure that all cows are bred by the 80th day after calving and not to exceed 365 days between calvings. Ensuring the birth of live-born and viable offspring is an exceptionally important prerequisite for success.

Reducing animal mortality. Currently it is very high — 1.8 percent in cattle, 5 percent in sheep, 9.8 in hogs and more than 11 percent in poultry. Reducing the mortality to the biologically admissible norms would provide real opportunities for increasing the number of livestock for slaughter by about 5,000 for cows, 125,000 for sheep, 150,000 for hogs and 790,000 for poultry, increasing meat production by about 15,000 tons. A number of APK [Agroindustrial Combines] and livestock farms have lowered the mortality rate to a minimum on the basis of modern prophylactic and treatment means and methods. The task is to turn this leading experience into comprehensive practice.

The second basic direction in intensifying meat production is the sharp increase in the average daily weight of fattened animals. We must make use of the potential qualities for intensive growth of the young animals with a view to obtaining more live weight within shorter time periods. The calf raising farm at Khadzhi Dimitrovo Village of the Svishtov APK reached an average daily weight increase of 905 grams and an average live weight of delivered calves of 435 kg, while outlays of concentrated fodder per kilogram weight increase was 4.72 kg. The national averages, however, were considerably lower. Calf daily weight increases averaged 559 grams in 1980 and 563 grams in 1982 with a real possibility of 900-1,000 grams. The same indicator is also unsatisfactory for pigs for fattening — 371 grams in 1980, 387 in 1981 and 388 in 1982, rather than a realistic 500 or more grams. A daily weight increase average of 170-180 grams is possible for lambs, weaned and unweaned, although it is no more than half that figure in many farms. The reasons are complex but most frequently they may be reduced to gross violations of approved technologies and animal nutrition and raising regimens.

The third basing direction in increasing meat production is increasing the live weight of animals for slaughter. Realistically, the average live weight of fattened calves of dairy breeds could range from 420 to 450 kg, although in 1981 the average weight at slaughtering time at the public farms was 370 kg.

Even greater possibilities exist in hog breeding. From the biological and economic viewpoints, it is most efficient to slaughter hogs weighing between 105 and 110 kg. In 1982 public farm hogs were slaughtered at a live weight of 101.3 kg, or substantially less in many okrugs, such as 91.4 kg in Vidin,

97.7 in Tolbukhin, 98.7 in Varna, 99.1 in Silistra, etc. The specialists must eliminate the objective and subjective reasons for this and make use of the most favorable biological period for maximal growth and fattening in order to obtain optimal live weights with minimal material and labor outlays.

The industrial cross breeding of cows and sheep belonging to the passive segment of the population with meat breeds is an important factor in increasing meat production. We have an adequate number of Hereford, Aberdeen, Angus, Siementhal, Limousin, Charolet and other bull breeds with ~~which~~, both through artificial insemination and natural breeding some 60,000 cows could be fertilized every year. Unfortunately, this measure is underestimated by many specialists and is carried out in many okrugs and APK formally, as an item which must be reported. Observations conducted in our country indicate that crossbred calves show from 5 to 10 percent higher weight increases compared to dairy breed offsprings.

As a result of the heterosis effect, higher growth intensity, better meat quality and higher slaughter returns per crossbred calf, returns are from 150 to 300 leva higher compared to other breeds. At the open-air calf raising grounds in Mezhdn Village, Silistra Okrug, crossbreeds of Bulgarian Red and Chernoshareno cattle crossed with Charolet bulls averaged some 300 grams higher average daily weight increase, as a result of which earning per calf were 200 leva higher. The Cattle and Sheep Breeding NPO [Scientific Industrial Trust] and the specialists in OSTsZh and APK must develop firm organizational prerequisites for the use of industrial cross breeding in all farms raising the passive breeds. Real possibilities exist for this measure to be applied in the case of 10-12 percent of all cows, which could increase real meat production by some 7-8 kg per cow. Equal possibilities exist in sheep breeding, where an adequate amount of meat-breed rams are available, such as Ile de France, Suffolk, Hampshire, Merinofleisch and others, for purposes of industrial cross breeding. Real possibilities exist for fertilizing some 400,000-500,000 sheep with such rams.

The development of specialized beef cattle breeding is an important trend in increasing meat production. A program for the development of a specialized heard of beef cattle has been formulated for the sake of ensuring the better utilization of fodder resources in mountainous and semimountainous areas and rough fodder in the plains. Extensive use of hybrids will be made. In the next few years the number of specialized beef cows must reach 30,000, including 32 percent purebred, raised separately, and 68 percent hybrids of industrial cross breeding; the number must reach 50,000 by 1990, including 24 percent purebred and 76 percent hybrids.

The intensification of hog breeding, which accounts for about 45 percent of the meat, is of decisive significance in increasing meat production. As a result of the application of leading world-wide achievements in hybridization, over 75 percent of hogs fattened in public farms and almost 100 percent in the industrial hog breeding complexes are hybrids. Compared to 1975 pork production was 120 percent higher in 1981 and fodder outlays per kilogram weight increase for the country at large were reduced by 441 grams.

The achievements of hog breeding enterprises whose cadres are not only knowledgeable but have the skill and talent in surmounting difficulties and achieving high production successes, stand out against the background of the general success. The collective of the hog breeding complex in Blagoevgrad has assumed a leading position in recent years. It became national champion for 1982 thanks to the ability of the management to deal with the basic and decisive production areas. Although the plan called for the raising of 18.78 pigs per sow, 20.30 were averaged, or 6,146 more than planned; 18.78 pigs per sow were weaned rather than 16.17 as planned. The herd mortality rate in 1982 was 2.85 percent or, in terms of the reported average hog breeding mortality rate for the NPO, 8.10 percent. The Blagoevgrad hog breeding complex raised and sold an additional 3,992 hogs. The average daily weight increase was 566 grams rather than 520 grams and, for the young animals, respectively 368 rather than 330 grams. Fodder expenditures per 1 kg weight increase were 3.98 kg instead of 4.3 as planned and, respectively, 2.62 kg instead of 2.80 kg for growing animals. All in all, the hog breeding complex saved 2,473 tons of concentrated fodder in 1982. The average live weight of all category animals delivered for slaughtering was 113.7 kg, and that of the fattened animals was 114.4 kg (rather than 99 kg as planned), as a result of which above-plan meat production equalled the weight of 3,478 fattened pigs.

Production efficiency rose sharply as a result of high production achievements. Production costs per 1 ton weight increase were 131 leva below the planned figures and profits increased by 1,086,000 leva.

Equal obligations face cadres working in poultry breeding, which accounts for some 22 percent of total meat production. Thanks to the available material and technical facilities and the use of the quadrilinear hybrid, the quantity of poultry meat increased from 92,700 tons in 1970 to 152,200 tons in 1982, or by a factor of more than 3.3 over the last 15 years. Our broiler chicks show genetic possibilities of highly intensive growth: they can attain a live weight of 1,780-1,850 grams with fodder outlays of 2.1-2.2 kg per kilogram.

Many serious shortcomings exist in mass practical work, which hinder increases in meat production and improved efficiency. Chick mortality rate reached 11.1 percent in 1982. A very real possibility exists for reducing the mortality rate to 10 percent, which will enable us to save and market chicks with a total live weight of 850 tons. Also extremely unsatisfactory are the results of chick fattening. Chicks are delivered to the slaughterhouses with a low live weight and high concentrated fodder overruns. The time has come for the specialists and managerial and performing cadres in poultry breeding to prove the possibilities offered by intensification. The task is for this and the following years to reduce broiler chick raising time to 56 days and to increase their weight to 1,500-1,550 grams with fodder outlays of 2,400-2,500 grams per kilogram weight increase in all poultry combines.

Livestock breeding in the private plots is an important reserve in increasing meat production. The age-old traditions and love felt by our people for animals are an important prerequisite for raising and marketing large numbers of animals. However, specialist zootechnicians, veterinarians and insemination technicians must provide much closer and specific aid, particularly in terms of improving livestock breeds in private plots and their timely

fertilization. It is particularly important to select suitable breeds for the private plots rather than duplicate those of the public farms. It would be more expedient for the private plots to raise cows of mixed breeds, such as brown, Siementhal and even beef cattle, and dairy sheep such as Chernoglava Plevenska, Avasi and the prolific breeds. The breeds and hybrids of hogs raised in the private plots should also be different. To this effect the NPO must implement a comprehensive breeding policy consistent with private plot conditions.

The means and methods of meat production intensification are many and varied. The supreme duty to the party and the people now is to achieve such intensification on an urgent, persistent and daily basis, making use of all available factors, and the achievements of scientific and technical progress above all.

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CSO: 2200/10

SUMMARY OF AGRICULTURAL PRICE CHANGES FOR 1984

Bratislava ROLNICKE NOVINY in Slovak 21 Sep 83 Supplement pp 1-8

/Unattributed article: "Summary of Measures in the Area of Procurement Prices, Supplementary Pricing and Other Economic Mechanisms for Agriculture as of 1984"/

/Text/ What Objectives Is Modification of Economic Mechanisms Pursuing?

The CPCZ Central Committee Presidium and CSSR Government have discussed the evaluation of the implementation of the improved planned management system for agriculture which has been in effect since 1982, as well as measures for improving its effectiveness. One of the measures which has been approved is the adjustment of the economic mechanisms in agriculture, to take effect in 1984. This adjustment does not mean a change in the regulations of the improved system, as these were passed by the Fourth CPCZ Central Committee Plenum in October 1981. It is based, above all, on an increase in the procurement prices of agricultural products to cover the higher costs of production assets provided to agricultural enterprises, with the objective of limiting the negative influences of external price factors on the economics of agriculture.

These approved economic mechanisms for agriculture, which will take effect in 1984, further support the basic measures for the strengthening of the khozraschot operations of agricultural organizations which were instituted in 1982 as well as the measures supporting the material objectives of the plan in terms of the structure of production and the quality of agricultural products.

Changes in Input Prices

Beginning on 1 January 1984, an adjustment of the wholesale prices of fuel and energy resources, motor fuels, certain raw materials, materials, and transportation rates in the national economy will take effect. The result of these modifications will be to increase the materials and investment costs of enterprises engaged in primary agricultural production by approximately Kcs 3.7 billion. To offset these higher costs of agricultural enterprises, beginning in 1984 there will be an increase in the procurement prices of certain agricultural products and proportional alterations in other price mechanisms in the amount of about Kcs 3 billion. To cover the remaining Kcs 0.7 billion there will be a strengthening of nonprice mechanisms supporting certain material objectives, such as measures for the enrichment of the soil stock, for the support of intensification programs, and for the stabilization of the agricultural workforce.

Just as other national economic organizations, however, agricultural enterprises will be required to absorb, on an annual basis, motor fuel costs of Kcs 0.20 per liter, which is not incorporated in pricing compensation. Besides this, an increase in the procurement prices of fodder grains and warm air dried crops will be incorporated into the prices of fodder mixtures (the Kcs 3.7 billion amount makes allowances for the impact of this). The foregoing, together with the rationalization of the price base for input prices, will create pressure towards a higher valuation and improved utilization of raw materials and materials in every agricultural enterprise.

In contrast to many other sectors, for which increased input prices will not be incorporated in the adjusted wholesale prices for their products as of 1 January 1984, the conditions are being created for agricultural enterprises so that the basic objective of the modification of the economic mechanisms for agriculture which was instituted on 1 January 1982, will not be weakened by these increased input prices.

On the Issue of Milk Fodders

A very important question which must be addressed in the future by every agricultural enterprise is the price of milk fodder mixtures and fodder milk. The previous increase in the procurement prices of milk was not incorporated in the adjusted wholesale price of milk in the milk industry, but rather was subsidized from the state budget. As of 1 January 1984, however, the new wholesale price of milk will reflect current subsidies for the procurement price of milk as well as the increase to take effect in 1984. This means a substantial increase also in the wholesale price of milk fodders, specifically in milk fodder mixtures, of an average of 60 percent, of more than 80 percent for liquid and dried separated milk, of about 50 percent for buttermilk, and so forth. Certainly, it is not proper for agricultural enterprises to continue to receive higher procurement prices for the milk that they sell while they purchase milk fodders at prices subsidized by the state. So that an appropriate alternative could be formulated for the feeding of young animals, with the objective of an improved and more effective valuation of milk products in their nutrition, it has been decided to leave in place for the remaining 2 years of the Seventh 5-Year Plan the current market prices for milk fodder mixtures and fodder milk and to deal with the impact of changes in their wholesale prices as of 1 January 1984 through state subsidies.

Today, therefore, agricultural enterprises should begin counting on the fact that in the preparation of economic mechanisms for the Eighth 5-Year Plan the current selling prices of milk fodders will be re-evaluated and proportionately increased. The Ministries of Food and Agriculture, along with these enterprises, will search together for an appropriate and socially acceptable resolution of this situation.

Procurement Prices of Agricultural Products

The modification of procurement prices for agricultural products as of 1984 is based on the principle of using an increased procurement price as compensation for increased costs arising from higher wholesale prices of resources for agricultural production. The price relationships and priorities established in the 1982

economic mechanisms for agriculture to support the development of certain branches of plant and animal production are being preserved. In justified instances, in the interest of providing greater incentives for producers to produce quality agricultural products, the increase in procurement prices may be somewhat higher than dictated by the projected increase in their production costs. In other instances, some products with average profitability will have to absorb increases in the price of inputs without changes in procurement prices.

In terms of the above, advantageous pricing will be applied above all in the plant production sector to the procurement prices of grains for food purposes. These grains will have their procurement prices increased by Kcs 100, brewer's barley of quality categories I and II by Kcs 200 per ton of net weight. In contrast, the procurement prices of grains for fodder purposes will be raised individually by only Kcs 50 per ton of net weight.

Advantages Primarily to Grains

In addition to strengthening incentives for the production of food grains, modifications in grain prices also take account of the fact that costs of their production have increased, particularly in conjunction with increased prices of production resources, while the procurement prices of grains have not changed since 1977, meaning that the profitability of grain production has declined.

This increase in the procurement price of food grains is, however, accompanied by stricter quality standards.

Current supplements to the procurement prices of fodder grains will continue to remain in force.

The procurement prices of sugar beets, chicory, paprika, and certain other plant products will be increased in proportion to the projected increase in their production costs.

Only partial modifications will be implemented for potatoes, where the fundamental adjustments in procurement prices were made in 1982. There will be established, for instance, a new and higher seasonal procurement price for warehoused eating potatoes for the month of November of the year of harvest, and the procurement price of nonclassified eating potatoes will be established anew. The procurement price of red eating potatoes will be reduced. These price measures should assist in resolving certain problems which arise in the harvesting and marketing of potatoes, especially in specialized agricultural enterprises.

For juice grapes there will be a differential increase (of 0.60 to 2 korunas per kilogram) in regional supplementary payments to the procurement price of wine grapes delivered from land inclined more than 10 percent. These measures will create more favorable economic conditions for enterprises raising grape vines under more demand natural conditions, where a lower per hectare yield may be expected.

Current supplementary payments for early vegetables raised using light heating oils will be increased and will be offered on an expanded basis for vegetables produced using heavy heating oils and natural gas.

In conjunction with adjustments in the procurement prices of plant products, modifications will also be made in the price relationships between specific reproductive levels of seeds and seedlings.

The prices of hay and straw, both wholesale and procurement, will be formed by agreement between supplier and consumer.

In conjunction with the increase in wholesale prices of gaseous and solid fuels and electrical energy, beginning in 1984 state subsidies will be eliminated for warm air-dried crops produced with light heating oils. In fact, their wholesale prices will be raised (in the case of dried fodder crops by an average of Kcs 422 per ton).

For reasons similar to those for plant products there will also be modifications in the prices of livestock products.

In proportion to the projected increase in milk production costs, as of 1 January 1984 its procurement price will increase by an average of Kcs 0.10 per liter. The economics of milk production had been stabilized by previous price adjustments and in particular by the large increase in procurement prices of 1982. As a result, the profitability of its production increased in 1982 by about 10 points in comparison with 1981. To sharpen the economic pressure for milk quality, the deduction for category III quality will be raised from Kcs 0.60 to Kcs 0.70 per liter.

The procurement price for feedlot fattened slaughter beef cattle will be increased by Kcs 1.0 per kilogram of net weight, i.e., which is only roughly equal to worsening price trends. Nevertheless, the price differential will deepen to the detriment of cows with low meat quality, for which the procurement price will be increased by only Kcs 0.50 per kilogram of net weight. The significant increase in the profitability of this sector which resulted from the price adjustments of 1982 should not be significantly affected by the approval of these measures.

In view of the importance of leather in our national economy, a penalty will be introduced for the delivery of beef cattle and calves with damaged or dirty hides, with the objective of increasing the vigilance of agricultural enterprises over the quality of hides. The penalty will amount to Kcs 0.30 per kilogram of net animal weight. The procurement price of slaughter swine will increase in 1984 by Kcs 0.60 per kilogram of net weight. This amount should basically be equal to increases in the costs of fattening swine as a result of increased prices of fodder mixtures and fuel and energy resources. This increase applies, however, only to weight categories in excess of 85 kilograms and for swine being raised for meat and fat. These measures are also intended to support improved meat quality. There will be similar procurement price increases for piglets.

There will also be modifications in the procurement prices of consumption eggs and slaughter poultry. Beginning in 1984, targeted subsidies will be introduced for certain special breeds in an attempt to reduce the loss levels of day-old chicks. The Ministries of Food and Agriculture of the republics will establish the conditions for granting these subsidies.

A similar summary of the changes in the price relationships to take effect in 1984 is presented in the supplementary tables and should enable agricultural enterprises to orient themselves rapidly as to the measures that have been approved prior to the issuance of new price lists.

Changes in Other Mechanisms

In conjunction with modifications of procurement prices of plant and livestock products there will be partial modifications in the provision of differential supplementary payments. Thus, for instance, current supplementary payments to the procurement prices for flax stalks provided by growers in the SSR will be replaced by an increase in the calculation of receipts for the flax itself up to a right to a differentiated supplementary payment of 140 percent, to be applied throughout the CSSR.

Beginning in 1984, market quality fruits and vegetables will also be eligible for differentiated supplements, as will processed fruits and vegetables, including plums. In view of the measures approved in 1982 in this area, no further modifications are being considered.

In 1982, premiums for increases in marketed agricultural production were instituted as a new economic mechanism. With a view to the regulational measures in livestock production, subsequent approval was given for 1982 to a different approach to the establishment of eligibility for these premiums.

To eliminate the excessive strictness of the general regulations for eligibility for growth premiums, it was approved that transitional measures continue to be applied in 1983. This means, essentially, that the base upon which an increase will be measured in the market production of slaughter animals will be considered as the actual market production of slaughter animals, excluding poultry, achieved in 1982 instead of the average for the previous 3 years. This transitional measure means that even those enterprises in which there was a dynamic decline in 1982 in the growth rate of livestock production in comparison with the preceding period will in 1983 be motivated to increase their marketable agricultural output.

The low quality and high price especially of technical services for agriculture is the subject of frequent criticism from enterprises engaged in primary agricultural production. For this reason the increased input prices, which also affect agricultural service organizations (to the tune of about Kcs 0.7 billion), will not be included in 1984 in the prices of the services, but absorbed at the expense of their current profitability. This measure will mean that the prices of agricultural services will remain unchanged in 1984.

Measures Related to Compensation and Labor Force Stabilization

The measures which have been approved as economic mechanisms for 1984 include certain modifications in the compensation system and in the area of the recruitment and stabilization of the labor force, particularly in the state sector of agriculture. These will be instituted because measures taken to date have not succeeded in mobilizing sufficiently existing underutilized capacity in this

sector of agriculture. Those managing state farms under similar natural conditions obtain on a per hectare of agricultural land basis as much as a 25 percent lower level of gross agricultural production than united agricultural cooperatives /JRD/. At the same time, in addition to similar natural conditions, they have at their disposal on many occasions a larger value of capital assets per hectare of land. One of the reasons for this is lower work force levels for comparable land areas, and a shortage of skilled workers on state farms. These circumstances force these enterprises to orient themselves towards less intensive production, with the result that they do not utilize optimally soil and material resources, with all of the implications that this has for production intensity and effectiveness.

To provide greater incentives for state farm employees, appropriate measures were approved within the context of the 1982 modifications. To support these, and also to assure that the greater formation and utilization of wages payable resources, as well as the desired increase in the number of workers, is tied to increased production, certain modifications will be introduced in the administration of wages payable resources for 1984 and 1985 in state agricultural organizations. Just as in cooperative organizations, in state agricultural organizations a single calculational coefficient will be applied to both the basic and incentive components of wages payable resources at the stage both of plan formulation and implementation. The coefficient will be one per percentage point of performance, profits, or an improvement of costs as a percentage of overall output. This means that for every percentage point of increased output and, similarly, profits (cost reductions), both in the plan and in reality there can be an increase of one percent in both the basic and incentive components of wages. At the same time these organizations are permitted to subsidize the compensations fund with up to 50 percent of the total volume of increase premiums for greater marketable agricultural production. These preferences will be applied in individual years (1984 and 1985) on the basis of an evaluation of wage trends in the preceding period during the preparation of annual plans. It must be emphasized that these measures for increasing the earnings of employees of state agricultural organizations engaged in primary agricultural production must be based on higher production by these organizations.

Economic measures to take effect in 1984, along with the consistent application of the approved principles of the improved planned management system of agriculture of 1982, create the conditions for the further strengthening of the economics of agriculture. It is therefore essential that agricultural organizations make use of them fully immediately in the formulation stage of the 1984 production and financing plan and during its implementation.

I. Indexes of Input Materials Prices

1. Market prices of fodder mixtures, in conjunction with increased procurement prices of fodder grains and warm air dried crops, will increase an average of 1.9 percent: this figure is composed of the following:

--fodder mixtures for dairy cows	1.6 percent
--fodder mixtures for cattle	3.3 percent
--fodder mixtures for swine	2.2 percent
--fodder mixtures for laying hens	1.5 percent
--fodder mixtures for fattening hens	1.2 percent
--fodder mixtures for sheep	1.2 percent

2. In conjunction with modifications to the wholesale prices of agricultural inputs, there will be increases in		
--material costs of agriculture of about		4 percent
--capital investment costs of about		4.4 percent
including for example		
--motor fuel		43.2 percent
--natural gas and coal gas		63 percent
--electricity		7 percent
--spare parts, by an average of		4.1 percent
--repair materials, by an average of		12.8 percent
--construction materials, by an average of		6.3 percent
--auxiliary and cleaning materials, by an average of		0.8 percent
--transportation, by an average of		10.0 percent
--capital investment, by an average of		5.7 percent
--investment in equipment, by an average of		2.5 percent

II. Procurement Prices of Agricultural Products, Supplements and Premiums
(Procurement prices and supplementary pricing mechanisms not presented in this overview have not changed)

1. Plant Products (in korunas per ton of net weight)

Product	Quality	current level			changes as of 1984		
		PP ⁽¹⁾	s ⁽²⁾	total	PP ⁽¹⁾	s ⁽²⁾	total
wheat	baking	2550	-	2550	2650	-	2650
	foodstuff	1700	-	1700	1800	-	1800
	industrial	1550	-	1550	1600	-	1600
rye	delivered up to	1550	300	1850	1600	350	1950
	contract levels						
barley	other	1550	-	1550	1600	-	1600
	brewers class I	1700	300	2000	2300	-	2300
	brewers class II	1700	150	1850	2100	-	2100
	brewers class III	1700	-	1700	1800	-	1800
	fodder	1550	-	1550	1600	-	1600
corn	for starch production	2100	250	2350	2450	-	2450
	industrial	1850	250	2100	1900	250	2150
oats	foodstuff	1800	150	1950	2050	-	2050
	fodder	1550	150	1700	1600	150	1750
millet		5000	-	5000	5000	-	5000
buckwheat		1700	-	1700	3000	-	3000
foxtail		1550	-	1550	1600	-	1600
Italian millet		1550	-	1550	1600	-	1600
sorghum	sugar and rod	1550	-	1550	1600	-	1600
triticale	hybrid	1550	-	1550	1600	-	1600

<u>Product</u>	<u>Quality</u>	<u>Current PP⁽¹⁾</u>	<u>Adjusted PP⁽¹⁾ as of 1984</u>
Potatoes-	red--procurement by		
late eating	31 Oct	2400	2000
	1 Nov-30 Nov	2400	2150
	1 Dec-31 Dec	2680	2280
	1 Jan-31 Jan	2750	2350
	1 Feb-28 (29) Feb	2830	2430
	1 March-15 Mar	2900	2500
	16 Mar-31 Mar	2950	2550
	1 Apr-15 Apr	3000	2600
	16 Apr-30 Apr	3050	2650
	1 May-15 May	3100	2700
	16 May on	3200	2800
	quality category I		
	procurement by 31 Oct	1500	1500
	1 Nov-30 Nov	1500	1650
	remaining time-conditioned procurement prices	unchanged	
	quality category II, procurement		
	by 31 Oct	1100	1100
	1 Nov-30 Nov	1100	1250
	remaining time-conditioned procurement prices	unchanged	
	for industrial processing,		
	procurement by 31 Oct	1300	1300
	1 Nov-30 Nov	1300	1450
	remaining time-conditioned procurement prices	unchanged	
	unclassified	-	800
sugar beets	15 percent sugar content	370	390
chicory		1000	1050
tobacco	cigarette		
	Virginia, quality category I	51,500	52,500
	II	41,500	42,500
	III	33,500	34,500
	IV	18,500	19,500
	Virginia type, P artificially dried		
	quality category I	37,500	38,500
	II	33,500	34,500
	III	10,500	11,500
	Virginia type P, naturally dried		
	quality category I	31,500	31,500
	II	24,500	24,500
	III	10,500	10,500

<u>Product</u>	<u>Quality</u>	<u>Current PP⁽¹⁾</u>	<u>Adjusted PP⁽¹⁾ as of 1984</u>
Sabolcsky, quality class	I	34,500	35,500
	II	23,500	24,500
	III	9,500	10,500
Zahradny, quality category	I	34,500	35,500
	II	23,500	24,500
	III	9,500	10,500
Burley, artificially dried quality category	I	34,500	35,500
	II	26,500	27,500
	III	10,500	11,500
Burley, naturally dried quality category	I	31,500	31,500
	II	24,500	24,500
	III	10,500	10,500
Havana pipe tobacco, quality category	I	31,500	31,500
	II	24,500	24,500

Product	Quality	current level			changes as of 1984		
		PP(1)	s(2)	total	PP(1)	s(2)	total
flax stems	quality category I	4150			4150		
	II	3300			3300		
	III	2600			2600		
	IV	1600			1600		
	under conditions of Ministry of Food and Agriculture of SSR, and given concentrations of up to 30 hectares				sales included for determining eligibility for differential supplements up to 140 percent		
	31-50 hectares		200				
	51-100 hectares		300				
	101-200 hectares		400				
	above 200 hectares		500				
vine grapes	regional supplements for gradients of						
	10.1-15 percent		1400			2000	
	15.1-20 percent		2000			3500	
	over 20 percent		3000			5000	
spice paprika	artificially dried						
	quality category I	37,000	5000	42,000	37,700	6000	43,000
	II	27,000	4000	31,000	27,000	5000	32,000
	III	17,000	1000	18,000	17,000	2000	19,000
	other procurement prices and supplements remain unchanged						
forced vegetables	cucumbers	no	2800		no	5000	
	peppers	change	5800		change	12,000	
	tomatoes		4500			10,000	
	kohlrabi		6400			12,000	
	lettuce		6000			12,000	
	radishes					15,000	

(period of validity to be set by Ministry of Agriculture and Food of the republic by special decree)

dried	vitamin bearing	2160		2500
fodders	high protein			
	quality category I	2020		2400
	II	1870		2350
	corn	1750		2200
	other	1740		2200

dried fodders produced with light heating oil and delivered to qualified consumer, receives state subsidies on average of 470

2. Livestock Products (in korunas per unit)

<u>Product</u>	<u>Unit</u>	<u>Quality</u>	<u>current PP(1)</u>	<u>adjusted PP(1) as of 1984</u>
milk	liters	quality category I--summer	3.40	3.50
		--winter	3.70	3.80
		winter and summer deductions from above for		
		quality category II	.20	.20
		quality category III	.60	.70
		best quality milk--summer	3.90	4.00
		--winter	4.20	4.30
		for each percent above or below basic fat content of 3.6 percent, a supplement or deduction in winter and summer of	0.65	0.65
cattle	kilograms of net weight	slaughter bulls, quality category A	24.0	25.0
		B	20.0	21.0
		C	16.0	17.0
		slaughter steers and heifers category A	24.0	25.0
		B	20.0	21.0
		C	16.0	17.0
		T	21.0	22.0
livestock	kilograms of net weight	slaughter cows quality category A	18.00	18.50
		B	15.50	16.00
		C	12.50	13.00
		T	16.50	17.00
		supplement to procurement prices for cows of quality class A which have given birth to one calf	5.50	5.50
		deductions from procurement prices of slaughter cattle and calves for damaged or dirtied hides	0	0.30

<u>Product</u>	<u>Unit</u>	<u>Quality</u>	<u>current PP(1)</u>	<u>adjusted PP(1) as of 1984</u>
swine	kilograms of net weight	sucklings--to 25 kg	27.0	28.0
		--per kilogram from 25-35 kg	14.50	15.0
		slaughter swine		
		quality category I	17.00	17.60
		II	17.00	17.60
		III	14.00	14.00
		IV	10.00	10.00
		V	14.00	14.60
		VI	10.00	10.00
		VII	7.00	7.00
clotted sheep's milk cheese	kilogram	quality category A	29.00	30.50
		B	26.50	28.00
		C	21.00	22.50
eggs	kilogram	chicken/eating eggs		
		quality category I	15.20	15.70
		II	10.20	10.70
poultry	kilograms of net weight	slaughter chickens		
		quality category I	16.50	17.10
		II	14.50	15.10
poultry	kilograms of net weight	slaughter ducks		
		delivered between 1 Oct and 30 Apr		
		quality class I	19.50	20.10
		II	16.50	17.10
		delivered between 1 May and 30 Sep		
		quality class I	16.50	17.10
		II	13.50	14.10
		more than 3 years old	12.00	12.60
		slaughter turkeys		
		broiler, quality class I	23.00	23.60
		II	17.00	17.60
		other, quality class I	22.00	22.60
		II	17.00	17.60
		slaughter geese		
		carving, quality class I	30.20	30.80
		II	27.20	27.80
		broiler, quality class I	26.20	26.80
		II	22.20	22.80

<u>Product</u>	<u>Unit</u>	<u>Quality</u>	<u>current PP(1)</u>	<u>adjusted PP⁽¹⁾ as of 1984</u>
		other:		
		delivered between 1 Aug and 30 Apr		
		quality class I	26.20	26.80
		II	22.20	22.80
		delivered between 1 May and 31 July		
		quality class I	24.20	24.80
		II	20.20	20.80
		more than 3 years old	18.20	18.80
rabbits	kilograms of net weight	slaughter, quality class I	18.00	18.00
		II	16.00	16.00
		supplement to procurement prices for contractually agreed upon amounts in both quality categories	0.00	2.00

3. Changes in procurement prices for pedigree and breeding livestock and seeds and seedlings will be published at a later date.

Key:

1. procurement price
2. supplements

9276

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MODERNIZING PRODUCTION: STRATEGIES AND PROBLEMS

East Berlin NEUER WEG in German Vol 38 No 18, 1983 pp 691-696

[Article by Gerhard Tautenhahn, member, SED CC and director, CC Department for Machine Construction and Metallurgy: "Modernization--A Requirement of Intensively Expanded Reproduction"]

[Text] Our party members and candidates are about to present their balance-sheets in reporting election meetings and delegates conferences on their share in the implementation of the 10th party congress resolutions. They confer and decide on how the fighting strength of their party organizations might be further consolidated and new initiatives and great deeds of labor be set off for strengthening socialism and safeguarding peace.

The Economy--The Crucial Sector of the Struggle

The economy has become the crucial sector in the struggle for smoothly carrying on the course of the main task in our time and, with it, the main ground of the international class conflict. For that reason, as the SED Central Committee directive for the 1983/84 party elections asserts, the focal point in status reports and decision-making lies in enhancing the communists' contribution to the continued implementation of the economic strategy which the 10th party congress has issued.

Remarkable results by way of intensification have been achieved since the 10th party congress. We have everything we need in our economy to make more successful headway. That is why our party emphatically orients us to making still more consistent use of our greater opportunities. The point is to bring about a higher rate of performance growth and greater efficiency through fewer raw materials, semifabricates and energy in absolute figures and a drop in live and embodied labor. That implies a rational use made of the basic assets available in our economy, which means they have to be modernized steadily and used to a maximum.

Rational Use of Available Basic Assets

The basic assets the producing sectors in the economy have available come to circa M 536 billion. At growth rates of roughly 5.5 percent--which in 1981 and 1982 amounts to additional basic assets of M 33 billion each--per capita basic

assets allocations rose considerably. Thus, those party organizations are the ones that act with a high sense of responsibility in the political leadership activity of which the problems of a high basic assets economy play an important role in improving the cost/benefit ratio. An intelligible explanation is of course given to each working person with reference to the economic development of his enterprise for how he, with his work, through making better use of the available machines and installations, and through more rational production organization, can help in raising output and trimming costs. This strengthens the communists' conviction that thereby the prerequisites are created to improve the working and living conditions further, according to plan. That implies using the production equipment more efficiently in terms of time frames for capacity operation, through multishift labor, further reducing downtime periods, and regularly and thoroughly servicing, maintaining, repairing and modernizing the machines and installations.

An Urgent Precept for Effective Economic Management

Therefore the following ideological positions ought to be strengthened in all party organizations: Before one discusses and decides on more funds, one must carefully examine how available machinery and installations are to be given total multishift capacity use and how their capability and working life can still better be extended through modernization. The multishift capacity use of funds pertains not only to the highly productive equipment. Three-shift operation for all machines and installations is an important prerequisite to ensure high growth rates in production and greater efficiency. This is by no means merely a requirement for multishift operations in ongoing technological processes but an urgent precept for effective economic management all-around.

To get maximum use out of what we have is our first and foremost task and the most important accumulation source. The key problem thus is further to perfect the quality of our considerable material-technical base and accomplish the needed performance improvement. The point thus is to achieve a constantly growing social product through resolutely implementing our socialist intensification and an expenditure of prime costs that stays the same, if possible. That requires improving the extant basic assets through modernization, i.e. through rationalization measures and general repairs, in their capabilities, availability and working life, and further easing the working people's working conditions. The tasks our party leadership assigned for that are clear and unmistakable.

New Qualitative Steps Required

In his concluding speech at the fifth Central Committee session, Comrade Erich Honecker referred to the connection between basic assets allocations and labor productivity and made the point that output and labor productivity had to increase faster than the basic assets allocations. That is an objective requirement for intensively expanded reproduction and that only can mean "intensification of production at the height of our times." Proceeding from there, Erich Honecker added: "Under prevailing conditions the main road is to modernize what we have and give more of a boost to constructing the means of rationalization. While remarkable results have been achieved in this--new qualitative steps are now needed. The construction of means of rationalization in the combines must be developed in such a way that it makes possible the reconstruction and modernization, indeed the conversion of entire technological processes. For that it is

extremely essential that electronic controls are ex post facto built into extant machinery and installations by which to modernize them and to save jobs.

Machine tools play a major role in the modernization of basic assets. As working tools, as Karl Marx already demonstrated, they are among the revolutionary elements of the productive forces. The further efficiency improvement in social production therefore largely depends on the scope, level and rate of their modernization. Tens of thousands of machine tools are being used in our economy. Roughly one-third of them were added within the last 4 years. Depending on when they were added, they differ in their degree of automation and in their age structure.

This then, while organizing highly effective technological processes, is bound to lead to problems, especially when such machines are supposed to be drawn into complex automation solutions. The way to do it is to prolong the working life of such machines through modernization. Their capacity is to be enhanced by means of digital controls, new engines, measuring and testing devices, and through loading and unloading devices and other mechanical components, so they can efficiently function together with other more modern equipment.

Prolonging Utilization Periods for 4 to 6 Years

In the sector of the metal processing industry in the GDR, the initiatives of the work collectives are aimed at modernizing the machine tools in the main production process that determine capacities this year, as the first important step, and then mainly in 1984 and in subsequent years. The idea is to improve the grade quality in the modernized machines by at least 1 to 2 quality degrees and to increase their capacity by an average 30 percent.

Since the modernized machines can be operated for 4 to 6 years longer than the normal ones and they are more highly automated, they can be drawn into multi-machine operations and be assigned to multishift operations throughout. Then it also becomes possible to use such machines in connection with industrial robots in integrated production sectors and flexible processing systems. By converting older equipment this way, especially the machine tools, up to 70 percent of the new costs required can be saved.

Altogether, modernization provides significant scientific-technical and economic effects and makes it possible for all enterprises and combines to tap new sources for high economic increase rates in their performance development. It is obvious--and this is something else the comrades should consider in the reporting election meetings--that through the use of modernized machines the technological production level can be raised significantly, more of a headway can be made in mechanization and automation, and the transition to automated production sectors with low requirements for operational functions can be speeded up. Modernization also then has positive material and energy-saving effects. As the machines themselves and important mechanical components are retained, thousands of tons of rolling steel, cast iron and steel castings can annually be saved in the economy at large.

Cost Reduction Through Modernization

A priority party organization concern is to impress all working people with that using more effectively what we have got by means of modernization by no means is a task that applies specifically to the GDR. Everyone must understand this: The development of the world, both of the fraternal socialist countries and the capitalist industrial states, is much speeded up and expanded through the modernization of machinery and installations. Especially efficient capacities have been generated in Japan and the FRG in recent years through updating old machinery and installations. For example, in the Toyota firm in Japan circa 1,000 machines have been modernized by expert engineering and technical personnel, and in the FRG milling machines and jig drills, coordinate drill presses, boring and shaping mills are being converted so that after extensive overhaul of the mechanical components and a partial substitution for them, modern electronic controls can be installed in them. And they are using traditional commercial ancillary products and newly developed standardized components tailored to the new modernization requirements.

The GDR also has found modernization solutions producing good scientific-technical and economic effects. In several enterprises, two lathes of different generations were coupled with an industrial robot, setting up a new production cell. The older lathes had to be converted or adapted for it. Total expenses for the modernization reached not even 20 percent of the costs that would have been required to buy a new lathe.

Optimum Examples Must Set the Tone

Party executives in enterprises and combines of the metal processing industry ought to see to it that best examples set the tone and direct their party control more at that. In the Herbert Warnke Forming Equipment Combine in Erfurt engineers and workers in the construction of means of rationalization added process-specific robots to the eccentric presses there. They facilitate an automatic feeding of the presses, which improves their performance and saves labor. Analyses of the technical condition of 1,500 presses indicate that it has become possible through their modernization to boost labor productivity between 100 and 300 percent and release between 1,500 and 3,000 workers from monotonous and, in part, heavy physical labor and assign them to other tasks.

In the enterprises of the combines for ball bearings and standard parts, household appliances, Fortschritt farm machinery and Nagemas, some of the presses are supposed to be modernized still this year on the basis of newly created standard solutions.

In the parent enterprise of the Karl Marx armature combine in Magdeburg, a robot center, "Rota f," was put into operation, and based on the experiences made with it, measures were taken to create additional production sectors getting along on but slight attendance. The machine tools in the enterprise that can continue to be used for dealing with the tasks are being modernized by its own capacities--mainly through an efficient construction of means of rationalization--and operated in a new way, in connection with robots. These modernization measures yield a 35-percent productivity boost. The experiences of the party organizations in this enterprise in modernizing the assembly line

for chrome steel spindles corroborate the realization that first of all there must be ideological clarity about the new requirements and about a higher performance of one's own. Old modes of thinking and conduct--such as the demand for new machinery and equipment as the panacea for performance development--must resolutely be surmounted.

Ensuring Combine Cooperation

To make better and faster headway in their tool machinery modernization, the Magdeburg combines Ernst Thaelmann, Karl Liebknecht, gears and couplings, and the armature combine plan to work more closely together in the future in the scientific-technical field with the VEB R&D and Rationalization for heavy machinery and plant construction and prepare standard solutions in common. A relevant conception of the general directors contains the measures needed for it.

Rating one's own results against best performances, using international experiences, drawing inferences for the work ahead and setting down mandatory rules for mobilizing new reserves in the field of basic assets modernization thus become very much of concern to the reporting election meetings. Those conferences therefore are primarily concerned with shaping and reinforcing progressive modes of thinking and conduct among the managers in the collectives. That is the ideological point of departure to cope with the required high engineering and technical achievements and the demands made on the construction of means of rationalization that modernization places on each enterprise.

Three Requirements for Party Work

From where should the party organizations start in working out their standpoint? First: The modernization of basic assets must prolong the working life of machinery and installations and noticeably raise their performance parameter. Through the new manner of operating them, more and more in technological units with industrial robots, and in automated production sections, labor productivity is greatly increased and labor, jobs, energy sources, raw materials and semi-fabricates are saved. These positive economic modernization effects have to be reflected by the performance and efficiency development parameters in each enterprise and combine.

Second: Through modernization as to plan it becomes possible to extend the economic utilization period for much equipment far beyond the projected values. From that it follows logically that only such basic assets should be eliminated in which through modernization no performance and efficiency growth is obtainable and costs are out of line with benefits.

Third: Basic assets modernization in each enterprise and combine is closely to be linked in terms of management and planning with --further developing the construction of means of rationalization and their own construction departments, qualitatively and quantitatively, and setting up and expanding the requisite maintenance and general repair capacities; --providing more expert technological work, including improvements in the organization of the production processes; and

--introducing and applying productive maintenance technologies. Work should, from the outset, be arranged in such a way that general repairs and preventative upkeep improve the efficiency of basic assets in a targeted manner and increase the capability and prolong the working life of the basic assets.

Further Development of the Construction of Means of Rationalization

For solving these tasks we must develop the construction of the means of rationalization in such a way that by 1985 some 60 percent of the capacities for modernization accomplishments will be used without curtailing other tasks. Basic assets modernization, especially in machine tools, will in the future call for more function-controlling mechanical components, wear-resistant parts and machine-specific tools, hydraulic and pneumatic aggregates, mechanical power transmission elements, ball bearings and standard parts from the machine construction combines, and microelectronic components, electronic controls, measuring systems and electric motors, from electrical engineering and electronics.

Despite all the great efforts the manufacturers of such products have been making, it is still not possible at present to meet all the justified demands the users are making. It makes exceedingly high demands on scientific-technical work and on the performance development of the combines in the metal processing industry to meet the growing needs, year after year, for specific components and ancillary supplies for modernization out of mass production.

Integrating Measures and Capacities in the Plan

Experience thus far indicates that the ancillary supplies come to circa 40 percent of total costs for modernization. Therefore it is an important task in carrying on our preparation of the 1984 national economic plan to make a precise determination of the capacities and funds needed for the solution to be integrated with the plan. The responsibility the metal processing, especially the machine tool, industry bears for complex modernization measures for machine tools in the combines applying them in the economy calls for standard solutions, for making technical documentation available to the users, and for building up gradually further capacities for general repairs.

Consultation centers for the modernization of machine tools are being prepared. They are supposed to disseminate widely the best experiences and recommend efficient modernization solutions for being used elsewhere as well.

This year the working people in the metal processing combines adopt the goal to meet and exceed the modernization tasks set down through high achievements in socialist competition. To create the proper determination for it among managers and collectives and direct these processes with the proper political expertise and in concrete terms is an important task for each and every party organization.

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CSO: 2300/54

LARGE COMBINES OFFER CONSUMER GOODS

Leipzig LEIPZIGER VOLKSZEITUNG in German No 236, 6 Oct 83 p 12

[Article: "Experimental Sale of Cast Iron no Longer too Hot to Handle"]

[Text] During the party election assemblies, a point under discussion in many party groups--also among the factories making production goods in our city--is the question of developing and producing new high-quality industrial consumer goods. The Polygraph combine "Werner Lanbert" has a clear concept for a constantly increasing share of consumer goods production. Factories of the combine "Leipziger Metallbau" have started production of six items of the consumer goods program of the district council. This year, additional finished products for the population are to be delivered at a level half a million Marks higher than the state target.

An additional 5,000 electric kitchenettes will be on the market this year because the consumer goods office of the district council established fruitful cooperative relations between VEB [state enterprise] energy combine Leipzig and the firm of Beese. In the polytechnical section of the heat power plant "Ernst Thaelmann," high school students install electrical lines during school days. Boys and girls of the high schools "Fritz Austel," "Erich Weinert," "Victor Jara" and "Hermann Duncker" participate in the program.

Activists in the councils of the city districts also have a direct bearing on additional consumer goods production. There are 15 members involved. They support, for example, the introduction of new products at the "Heimwerkerhaus" or in the DFD information center.

The fact that citizens are responding to the effort for more consumer goods can be noticed also at present during market days. Factories of the GISAG combine offer, among other things, tools, hanging flowerpots, door mountings and other cast iron products. The consumer cooperative Leipzig is running an experimental sale which is taking place for the first time. Sales director Rainer Kunert told us yesterday that "demand is enormous." It is encouraging to learn that the consumer cooperative has concluded a contract with the combine, and it is definite that the sale of products in such demand will be continued. It has not yet been decided where it will take place in the coming months; for the future, it is planned to establish a sales outlet for ornamental cast products in the "Pregehaus."

GERMAN DEMOCRATIC REPUBLIC

REGULATIONS ON REMUNERATION FOR INDUSTRIAL PROTOTYPES

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German
Part I No 19, 21 Jul 83 pp 196-199

[Official text of "First Implementing Regulation to the Decree on Industrial Prototypes - Remuneration for Industrial Prototypes - of 16 June 1983, " signed by Prof. Dr. Hemmerling, president, Office for Inventions and Patents.]

[Text] On the basis of Paragraph 32 of the ordinance concerning industrial prototypes, of 17 January 1974 (GBL (Law Gazette) I No. 15 page 140), the following regulations are promulgated in agreement with the leaders of the responsible central state organs:

§1 Principles of Remuneration

(1) For paying the remuneration it is presupposed that the products have been fabricated according to the essential design characteristics of an industrial prototype (below referred to as use), for which a copyright certificate has been granted. For use in the German Democratic Republic, a one-time remuneration will be paid by the using enterprise to the copyright holders of the industrial prototypes. The remuneration for using an industrial prototype will be at most 50,000 M.

(2) Inasmuch as remuneration is paid for the use of an industrial prototype, in accord with the legal directives concerning remuneration of innovations as well as according to the legal directives for the protection of copyrights associated with literary, artistic, and scientific works, or to the extent that corresponding remunerations have been provided for, these remunerations must be accounted to a remuneration according to this execution regulation.

(3) If an industrial prototype that has been developed by private craftsmen or tradesmen is used in their business, the owner of the enterprise has no claim to remuneration for such use.

§ 2 Amount of Remuneration

(1) The amount of remuneration will be fixed by the managers of the using enterprises in accord with the subsequent regulations and in accord with the principles contained in the appendix to this execution regulation.

(2) The amount of remuneration must be set anew, taking into account the paid remuneration, if the scope of use in one of the plan years following the year in which the use has begun is at least 25 percent greater than in the first year of use.

(3) The remuneration can be increased up to three times the set amounts, within the framework of the maximum amount specified in Paragraph 1, if the significance of the industrial prototype for a socialist society justifies this and if this is necessary for material recognition commensurate with service rendered. This is especially the case if the industrial prototype has led to a distinction as "good design" or to a comparable foreign distinction.

(4) For collective consultation concerning the evaluation of the industrial prototype, which must be undertaken according to the principles for specifying the remuneration (appendix), the manager of the enterprise can form a technical committee. The following should in particular belong to this committee: the managers responsible for engineering, sales, and design, the chief designer, the manager of the TKO (Technical Control Organization), and the manager at the office for protective rights. The committee will work out a recommendation for the amount of remuneration.

(5) The remuneration must be paid through the first-using enterprise to the copyright holder of the industrial prototype. This enterprise must pay back amounts which exceed the maximum amount of 50,000 M.

§ 3 Preliminary Remuneration

The enterprise which is obliged to pay remuneration can pay to the copyright holders of an industrial prototype a preliminary remuneration of 100 M independent of the payment deadlines specified in Paragraph 8, if a business innovation examination has shown that a protectable industrial prototype exists and the application has been registered by the office for inventions and patents into the register for industrial prototypes. The preliminary remuneration will be accounted to the total remuneration.

§ 4 Claim for Remuneration

(1) The copyright holder of an industrial prototype or his heir (called below person authorized to receive remuneration) has a claim for remuneration. If the industrial prototype is the result of community work, all the participants have a claim for remuneration.

(2) If the person who is authorized to receive remuneration is the manager of an enterprise or if, at the time of decision concerning the payment of remuneration, he is representing an enterprise, the amount of the remuneration requires the approval of the manager of the supervening organ of the enterprise. If the person authorized to receive remuneration is the chairman of a socialist association or a member of the board, the amount of remuneration requires the approval of the assembly of members.

(3) The claim for remuneration for the use of industrial prototypes cannot be asserted during the progress of a nullification process or during a legal dispute concerning the copyright for the industrial prototype.

(4) When a patent is converted into a copyright certificate, the payments which have been rendered by the enterprises to the owner of the patent must be accounted towards the remuneration.

§ 5 Remuneration in Case of Transfer to other States and in Case of Transmittal of Remuneration from other States

(1) If an organ of the government of the economic management or an enterprise receives from another government a fee or a portion of a fee for a joint industrial prototype, through the transfer of an industrial prototype for which a copyright certificate was granted in the German Democratic Republic, the person authorized to receive remuneration has a claim to be paid the remuneration in marks, proportionate to the service rendered, where this remuneration must be paid out of the fee.

(2) If no fee is obtained for an industrial prototype, but if an organ, an enterprise, or an institution of another state transmits remuneration for an industrial prototype to an organ of the government of the economic management or to an enterprise of the German Democratic Republic, the person authorized to receive remuneration has a claim to be paid this remuneration in marks.

(3) If an industrial prototype is transferred with remuneration, and if the other state is not obliged to transmit remuneration, a one-time remuneration in marks is to be paid to the person authorized to receive such remuneration, by the transmitting organ of the government of the economic management or, by the transmitting enterprise if such transmittal has been effected by an enterprise. This remuneration is to be paid in marks, taking into account the significance of the industrial prototype. The amount of compensation will be fixed in the German Democratic Republic.

§ 6 Remuneration when Licenses are Granted to Partners outside the German Democratic Republic

(1) If a protective right has been granted to the originating enterprise of an industrial prototype in another state, and if a license is granted for this, the person authorized to receive remuneration will receive a remuneration in marks. The remuneration will be paid by the grantor of the license from the income he receives.

(2) A remuneration according to Section 1 can also be paid when a license is granted to partners of a state in which the industrial prototype is not protected, as long as a copyright certificate has been granted for the industrial prototype.

(3) Sections 1 and 2 are also applicable when licenses are exchanged or when a protective right is purchased, when a protective right is applied for, or the right to acquire protective right, as well as in cases of damage indemnification because of illegal use.

§ 7 Special Points regarding the Magnitude of Remuneration

(1) The magnitude of the remuneration to be paid according to Paragraph 5 Section 1 or according to Paragraph 6 must be specified by taking into account the criteria cited in the appendix. This will amount up to 20 percent of the profit directly due to the industrial prototype. It can be increased to 40 percent, if the signifi-

cance of the industrial prototype for socialist society justifies it. Increases above 20 percent require the approval of the supervening organ of the organ paying the remuneration or of the enterprise as well as of the office for industrial formation.

(2) The remunerations according to Paragraphs 5 and 6 may not exceed the maximum amount of 50,000 M, taking into account the remunerations paid for use of industrial prototype in the German Democratic Republic. Paragraph 2 Section 5 is applicable. If a first-using enterprise does not exist, the originating enterprise must undertake this task. Amounts in excess of the maximum, which are transmitted by other states, are to be disbursed to the government budget.

§ 8 Payment Dates

(1) The remuneration for an industrial prototype must be paid within the time period of two months from the day when use begins. If use already occurs before the copyright certificate has been granted, the remuneration must be paid within a time period of two months counting from the date on which the person responsible for payments obtains knowledge that the copyright certificate has been granted.

(2) If an approval is necessary for the remuneration, the remuneration must be paid within a time period of two months from the date that the person responsible for payment has received this approval.

(3) Remunerations according to Paragraph 5 Sections 1 or 2 or according to Paragraph 6 are to be paid within a time period of two months from the date of the received transmittal, which has been effected by a partner in another state.

(4) Remunerations according to Paragraph 5 Section 3 are to be paid within a time period of two months from the date of transfer of the industrial prototype to other states.

(5) After expiration of the payment deadlines, the amounts of remuneration are to bear interest in accordance with the savings accounts in the German Democratic Republic.

§ 9 Financing Sources

Remunerations are to be financed by the enterprises from the funds for science and technology, from profits according to Paragraph 5 Section 1, from receipts arising from the granting of licenses according to Paragraph 6, or, if such financing sources do not exist, from planable costs.

§ 10 Repayment

Remunerations and interest which have been obtained by culpable illegal action must be repaid.

§ 11 Expiration by Limitation

(1) The claim for remuneration and for interest will expire by limitation after

the expiration of two years. The expiration time begins on the first day of the year following the year in which a claim has become due.

(2) The claim for repayment according to Paragraph 10 expires by limitation after the expiration of two years. The expiration period begins with the day on which the culpable illegal action has been completed. Inasmuch as remunerations and interests have been obtained by a criminal act, the regulations concerning the statute of limitation for criminal prosecution will apply to the claim for repayment.

§ 12 Taxes

(1) Remunerations for industrial prototypes are tax free up an amount of 10,000 M for each industrial prototype. Amounts beyond this are considered tax-favored entrepreneurial income and are taxed at 20 percent. In the case of collective performances, the tax free amount of 10,000 M will be accounted to each member of the collective.

(2) Professionals who are active in the area of industrial design or artistic product design must have their remunerations for industrial prototypes taxed together with their incomes from their professional activity. Section 1 does not apply to this group of persons.

(3) Payments to owners of patents for industrial prototypes are subject to taxes according to the income tax law.

§ 13 Procedures in the Case of Dispute regarding Remuneration

(1) The arbitration agency for disputes concerning remunerations is associated with the office for invention and patents and will be composed of a presiding member appointed by the president of the office for inventions and patents and by one representative each from the FDGB (Free German Labor Federation) and the office for industrial design. Experts from the enterprises can also be invited for consultation, if this is necessary to implement the process.

(2) Execution of the process can be requested by the person authorized to receive remuneration, by the person responsible for paying the remuneration, or by the office for industrial design. The application for a process must be submitted in writing to the arbitration board for remuneration disputes within the office of inventions and patents. The application must be substantiated.

(3) The result of the arbitration process will be set down in a decree, of which the participants will receive a copy.

Transitional and Final Regulations

§ 14

(1) This execution regulation applies to remuneration for the use of industrial prototypes, for which the using enterprises have as yet not paid remuneration at the time that this execution regulation becomes effective.

(2) Amounts of remuneration that have already been paid prior to the effective date of this execution regulation, in accord with the regulations of the first execution regulation of 11 February 1974 associated with the ordinance concerning industrial prototypes--Remuneration For Industrial Prototypes--(GBL I No 15 page 145), are to be accounted to the maximum remuneration amount of 50,000 M when payments are made by further using enterprises.

§ 15

(1) This execution regulation will become effective upon publication.

(2) At the same time, the first execution regulation of 11 February 1974 associated with the ordinance concerning industrial prototypes--Remuneration For Industrial Prototypes--(GBL I No 15 page 145) will become ineffective.

Berlin, 16 June 1983

The President of the Office for Inventions and Patents Prof. Dr. Hemmerling

Appendix

to the above first execution regulation

Principles for Specifying the Amount of Remuneration

1. The remuneration according to Paragraph 2 Sections 1 and 2 of the above execution ordinance is to be fixed by the manager of the using enterprise. It will amount to at least 100 M and at most to 6,000 M. When fixing the remuneration, the following points are to be considered:

1.1 To what extent the design performance protected by the industrial prototype contributes to increasing the use properties of the product as compared to the use properties of the product whose design has been replaced by the industrial prototype;

1.2 To what extent the industrial prototype contributes to especially important savings in terms of the national economy;

1.3 To what extent the industrial prototype influences exports or the export profit achieved per product;

1.4 To what extent the industrial prototype contributes to a reduction of expense in producing the product without impairing its use properties;

1.5 The complexity of the design performance;

1.6 The scope of use.

2. As regards consideration of the criteria cited in Numbers 1.1 through 1.5, the industrial prototype is to be classified in the following five tables.

Table 1

Coefficient for the contribution of the design service protected by the industrial prototype, towards increasing the use properties of the product as compared to the use properties of the product whose design has been replaced by the industrial prototype or which comes closest to the protected design.

No.	Effect on Increasing the Use Properties	K1
1.	The industrial prototype does not contribute towards an increase of use properties	0
2.	The industrial prototype contributes towards increasing the use properties	1-3
3.	The industrial prototype has significantly improved the use properties	4-5

Table 2

Coefficient for the contribution of the industrial prototype to achieve especially important savings in terms of the national economy¹

No.	Influence on Especially Savings in Terms of the National Economy	K2
1.	The industrial prototype does not influence such savings	0
2.	The industrial prototype does influence such savings	1-3
3.	The industrial prototype contributes essentially to such savings	4-5

Table 3

Coefficient for the influence of the industrial prototype on the scope of exports and on the export profit per product

No.	Influence on Export	K3
1.	The industrial prototype does not influence the scope of exports and/or the magnitude of the export profit per product	0
2.	The industrial prototype does influence the scope of exports and/or the magnitude of the export profit per product	1-3

¹The president of the office for inventions and patents will specify separately what savings are to be considered here.

- | | | |
|----|--|-----|
| 3. | The industrial prototype contributes significantly to increasing the scope of exports and/or the export profit per product | 4-5 |
|----|--|-----|

Table 4

Coefficient for the contribution of the industrial prototype to reducing expenses in producing the product

No.	Effect on Reducing Expenditures	K-4
1.	The industrial prototype does not contribute towards reducing expenditures	0
2.	The industrial prototype contributes towards reducing expenditures	1-3
3.	The industrial prototype contributes significantly towards reducing expenditures	4-5

Table 5

Coefficient for the complexity of the design performance

No.	Complexity of the Performance	K-5
1.	Simple uncomplicated performance	1
2.	Small number of design characteristics and little complexity of performance	2
3.	Large number of design characteristics and little complexity of performance, or small number of design characteristics, complicated design performance	3-6
4.	Large number of design characteristics and complicated design performance or--independent of the number of design characteristics--an especially complicated design performance	7-10

By being classified in accord with the tables, the industrial prototype must be evaluated with respect to a product or a product unit independent of the production quantity.

The coefficients fixed according to the five tables are to be added. To determine a percentage of industrial goods production according to Number 3, the added sum of the coefficients is to be converted into percent according to the following multipliers:

1 to 1.9 coefficient points are to be multiplied by 0.1; 2 to 2.9 coefficient points are to be multiplied by 0.2; 3 to 3.9 points by 0.3; 4 to 4.9 points by 0.4; 5 to 5.9

points by 0.5; 6 to 7.9 points by 0.6; 8 to 9.9 points by 0.7; 10 to 11.9 points by 0.8; 12 to 17.9 points by 0.9; and 18 points and more by 1.0.

3. To take into account the scope of use according to Section 1.6, the volume of industrial goods production of the products produced during the first use year in accord with significant design characteristics of the industrial prototype must be determined. The fraction of the volume of the industrial goods production which corresponds to the percentage calculated according to Number 2, is to be used as a basis for calculating the remuneration, in according with the following table:

Amount in Marks		Remuneration	
bis 10 000,- M	10 000,- M	10 %, mindestens	100,- M
10 000,- M bis 20 000,- M	20 000,- M	5 %, plus (3)	500,- M
20 000,- M bis 50 000,- M	50 000,- M	3 %, plus	800,- M
50 000,- M bis 100 000,- M	100 000,- M	1,5 %, plus	1 050,- M
100 000,- M bis 200 000,- M	200 000,- M	0,5 %, plus	1 650,- M
200 000,- M bis 500 000,- M	500 000,- M	0,25 %, plus	2 150,- M
(2) mehr als 500 000,- M		0,1 %, plus (4)	2 900,- M
		höchstens jedoch	6 000,- M

Key: 1. to
2. more than
3. at least
4. but at most

Remunerations are to be rounded off to 50.00 marks.

4. The remuneration which has been fixed according to Numbers 1 through 3, must be doubled and can be as high as 12,000 M if the nomenclature "top design performance" has been applied by the office for industrial design or--in the case of products such are not subject to government design examination--a top design performance has been confirmed by the office for industrial design.

5. If the industrial prototype contributes towards reducing expenditures for raw materials and other materials which are important in terms of the national economy, for which material recognition is to augmented according to applicable legal directives², the amount of increase will be determined by determining the portion of remuneration that is to be fixed according to Numbers 1 through 3, which falls to a reduction of such expenditure. This portion of the remuneration is to be augmented in correspondence with the multiplier that has been fixed for the relevant type of material. The amount of increase is to be added to the paid-out remuneration.

²At this time, the ordinance of 2 April 1981 concerning the material recognition of workers for savings of economically important energy media, raw materials, other materials (GBL I No 11, page 124) is applicable.

STRICTER RULES ON WASTE DISPOSAL

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 27,
4 Oct 83 pp 257-261

/Official text of "Sixth Regulation to the Law on Environmental Ecology--Harmless Removal of Nonutilizable Waste Products," signed on 1 September 1983 by W. Stoph, chairman, Council of Ministers of the GDR and Dr Reichelt, Minister for Environmental Protection and Water Management/

/Text/ Sixth Regulation to the Law on Environmental Ecology--Harmless Removal of Nonutilizable Waste Products--of 1 September 1983.

For the protection of human life and health, the protection of natural resources and the improvement of the national efficiency, the following is decreed on the basis of Article 39 of the Law of 14 May 1970 on the Planned Organization of Socialist Environmental Ecology in the German Democratic Republic--Environmental Ecology Law--(GBI I No 12 p 67):

Article 1

Scope

(1) This implementing decree provides for the harmless removal of nonutilizable waste products. It is to be applied appropriately for the harmless removal of waste products arising from breakdowns or similar occurrences. The harmless burial of nonutilizable waste products in the soil is one method of the harmless removal of waste products.

(2) This implementing decree applies to

-- State organs,

-- Nationally-owned combines, economy managing organs, nationally-owned enterprises and those treated on an equal footing, nationally-owned and state facilities, socialist cooperatives and their facilities, enterprises of parties and social organizations, enterprises and facilities in different types of ownership (hereinafter designated enterprises).

(3) This implementing decree does not apply to

- Residential wastes including fecal matter and residues of domestic waste water,¹
- Gaseous waste products,²
- Waste waters,³
- Rubble and mineral raw material impurities,⁴
- Radioactive wastes,⁵
- Infectious waste products.

Article 2

Definitions

The following definitions apply with respect to this implementing decree:

- a) Nonutilizable waste products are solid, slimy and liquid wastes and residues for the national utilization of which as secondary raw materials the scientific, technical or economic prerequisites are lacking at the time they occur. These include:
 - Toxic waste products,
 - Other waste products containing pollutants,
 - Waste products containing little or no pollutants.
- b) Toxic waste products are waste products containing toxins of list 1 or list 2 at concentrations that make them toxins in the meaning of the law on toxic substances.⁶
- c) Other waste products containing pollutants are waste products included in the list of pollutants⁷ or containing toxins of list 1 or list 2 in concentrations not qualifying them as toxins in the meaning of the law on toxic substances.
- d) Waste products containing little or no pollutants are waste products not classified as toxic waste products or other waste products containing pollutants.
- e) The harmless removal of nonutilizable waste products is either conversion in disposal facilities or storage at disposal sites.
- f) Disposal facilities are facilities where the conversion of nonutilizable waste products is carried out (by, for example, detoxification, neutralization, burning).
- g) Disposal sites are facilities where the storage of nonutilizable waste products takes place either above ground on waste dumps, in residual cavities or, below ground, in natural or manmade caves or in rock suitable for disposal.

- h) Selective disposal sites are disposal sites where nonutilizable waste products or waste product groups are stored, that may later be recovered for subsequent use.
- i) Operators are enterprises responsible for the running of disposal facilities or disposal sites.

Article 3

Principles

- (1) Enterprises generating nonutilizable waste products are responsible for their harmless removal.
- (2) The harmless removal of nonutilizable waste products requires permission by the competent state organs.
- (3) The harmless removal of nonutilizable waste products must proceed in such a way as to exclude any hazard to human life and health, the life and health of animals and vegetation, and to avoid damage to the economy or to soil, water or air.
- (4) The legal regulations on land use apply whenever land used for agriculture and forestry needs to be claimed for the harmless disposal of nonutilizable waste products.

Article 4

Tasks of Enterprises

- (1) Enterprises generating nonutilizable waste products must provide the necessary material-technical, financial and manpower prerequisites for their harmless removal as well as carry out the necessary studies and ensure the scientific-technological preparatory work required for the development of procedures and methods to reduce the incidence of waste products and the harmless removal of nonutilizable waste products in accordance with the highest scientific-technological standards.
- (2) Planning and development facilities, manufacturing and supplier enterprises of plant and processes for the harmless disposal of nonutilizable waste products must provide the necessary scientific-technological services for the development and introduction of processes and methods for harmless disposal.
- (3) With regard to nonutilizable waste products as important as a national raw material reserve due to the substances contained therein, enterprises must--on the basis of state quotas and expert opinions--draw up proposals for a selective disposal site and attach this to the application for harmless removal as per Article 5.
- (4) Enterprises generating toxic waste products are obligated to keep meticulous records on the daily incidence and the whereabouts of toxic waste products by type, composition and volume.

Article 5

Permit for the Harmless Removal of Nonutilizable Waste Products

(1) Enterprises must submit an application for the harmless removal of nonutilizable waste products to the district council, technical organ for secondary raw material management, competent for the location of the enterprise, and also submit proposals for suitable removal possibilities unless otherwise provided in Article 14 Paragraph 3.

(2) Together with the application, documentary evidence must be submitted showing that the waste products are not currently usable as secondary raw materials (negative test). Admitted as evidence are:

- Opinions by the balancing and balance-assigned organs or, if these are not available, by the producers of similar primary raw materials and the superordinated organ of the applicant,
- Expert opinions by facilities competent to issue them as per the legal regulations in effect.

(3) The district council, technical organ for secondary raw materials, decides the release of nonutilizable waste products for harmless removal and whether selective disposal is to be carried out. It conveys the applications and its decisions to the organs competent to issue the permit as per Article 4 or Article 14 Paragraph 3.

(4) After issue of the release

- In the case of toxic waste products and other waste products containing pollutants, the district council, technical organ for environmental protection and water management, and
- In the case of waste products containing little or no pollutants, the kreis council, technical organ for environmental protection and water management,

in consultation with the State Hygiene Inspectorate, the technical organs for geology and local supply managements as well as the respective organ of the State Waters Supervisory Board issues the permit for the harmless removal of nonutilizable waste products, unless otherwise provided in Article 4 Paragraph 4. The permit must specify the type of harmless removal and the disposal facility or disposal site. The permit may be granted for a limited time and coupled with obligations and decisions on the utilization of municipal facilities, including the assignment of co-users.

Construction and Utilization of Disposal Facilities or Disposal Sites

Article 6

Plans and procedures for the construction and operation of disposal facilities and disposal sites must be drawn up with a view to the type of waste products as per Article 2 letters a-d. Plans and procedures for the construction and operation of disposal facilities and disposal sites require the approval of the district council

of the district where the disposal facility or disposal site is to be constructed, unless otherwise provided in Article 14 Paragraph 2. The permit must be issued following consultation with the state organs involved. The approval of plans may be linked with obligations concerning the construction and operation of the facility, the types and state of the waste products to be disposed of, safety and control requirements during operation and the blending of the facility into the landscape.

Article 7

(1) Disposal facilities and disposal sites must always be constructed and used as common facilities.

(2) Following consultations with the parties involved,¹⁰ the district council, technical organ for environmental protection and water management, decides on the construction and operation of disposal facilities and above ground disposal sites as common facilities and on the operator, within the scope of the permit as per Article 5 Paragraph 4 or the approval as per Article 6.

(3) After consultation with the organ of the Ministry for Geology responsible for balancing and the parties involved,¹¹ the district council decides on the construction and operation of underground disposal sites as a common facility and the operator within the scope of the procedures listed in Paragraph 2. The technical organ for geology determines the minimum of geological studies required to search for and construct underground disposal sites and exerts its influence on the implementation of the contracts awarded.

(4) If joint operation of a disposal facility or disposal site in the territory of another district or kreis is required for the more efficient utilization of basic assets, the application for harmless removal is to be forwarded to the respective district or kreis council so that it may, after due consultation, issue the permit as per Article 5 Paragraph 4.

Article 8

(1) The provisions of the mining law and its subsequent regulations¹² are to be applied *mutatis mutandi* to the exploration and construction, operation and closure of underground disposal sites. Such mining work is to be carried out on the basis of the legal regulations on mine safety.¹³ In specific cases, the manager of the supreme mining authority at the GDR Council of Ministers will decide the application of the provisions of the mining law in agreement with the Minister for Environmental Protection and Water Management and the Minister for Geology.

(2) Mining operations in the course of the exploration and construction, operation and closure of underground disposal sites is subject to the authority of the State Mining Inspectorate.

(3) Mining operations as per Paragraph 1 must be reported to the competent mining agency no later than 4 weeks before their start. The mining agency decides whether the report must be in the shape of a technical plan of operations.

Article 9

Operation of Disposal Facilities and Disposal Sites

- (1) The operator is responsible for the orderly operation of disposal facilities and disposal sites.
- (2) Operators must draft operational and disposal orders and operational documents for dealing with breakdowns, and these must be constantly updated. The above require the approval of the district or kreis council, technical organ for environmental protection and water management. The approval must be to hand before the disposal facility or disposal site begins operations. The acquisition of permits as per other legal regulations is not affected thereby.
- (3) The operator must keep a daily record of the type, volume and origin of the waste products delivered and dealt with. In the case of above ground disposal sites for toxic waste products, storage plans or other documentary evidence must additionally record the day of delivery and the particular location of disposal on the site. The documentary evidence must be kept on file.
- (4) Upon closing down, above ground disposal sites must be recultivated in conformity with the plan. The legal provisions on reclamation and recultivation must be applied *mutatis mutandi*.¹⁴
- (5) The district council may ban the operation of disposal facilities or disposal sites if major infringements of order and safety occurred in connection with the harmless disposal of nonutilizable waste products. The rights and duties of the respective supervisory organs are not affected thereby.
- (6) Operators must annually report on the waste products harmless removed. The procedure of reporting will be set out by the Minister for Environmental Protection and Water Management in coordination with the Minister for Materials Management, the manager of the Central State Administration for Statistics and the managers of other central state organs involved.

Article 10

Contractual Relations

- (1) Enterprises participating in a common facility are obligated to contractually settle the rights and duties involved on the basis of the decisions as per Article 7 Paragraphs 2 and 3 and Articles 73 ff of the Law of 25 March 1982 on the System of Contracts in the Socialist Economy--Contract Law--(GBI I No 14 § 293).
- (2) Insofar the enterprise does not have available internal capacities for the harmless removal of nonutilizable waste products, and participation in common facilities is not feasible, enterprises generating nonutilizable waste products and operators must conclude service contracts on harmless removal. The precondition of such contract conclusion is the availability of the permit for harmless removal, recording the disposal facility or disposal site to which the nonutilizable waste product must be delivered.

(3) The contract must include, in particular, agreements on

1. The nonutilizable waste products to be delivered (description and statement whether delivery is to be made in solid, slimy or liquid form),
2. The volume of the nonutilizable waste products,
3. The date/period of delivery,
4. The price,
5. Special requirements on the text of the delivery documents and the skills of the workers assigned to make the delivery,
6. Contract penalty in case the contractual agreements are infringed.

(4) The enterprise is obligated to provide the operator with all data necessary for order and safety in the facility. In particular it must inform the operator about the chemical composition of the nonutilizable waste products and any special features known to it in connection with the handling of these waste products. The provisions made by the operator to guarantee order and safety must be made known to the enterprise and are deemed part of the contract.

Article 11

Supervision

(1) Enterprises generating waste products as well as operators are obligated regularly to check in their scope the observance of the legal regulations concerning the harmless removal of nonutilizable waste products (internal supervision). The incidence, stocks and passing-on of toxic waste products must be included in these checks.

(2) District or kreis councils are responsible for the state supervision of the plan-appropriate construction and orderly operation of disposal facilities and disposal sites.

(3) Insofar as this is needed to exercise their supervisory powers, the assignees of district or kreis councils are entitled to enter enterprises and facilities, request data, scrutinize documents, take and test samples of waste products from disposal facilities and disposal sites, request the drawing up of an expert opinion and issue obligations for the observance of legal duties in the construction and operation of disposal facilities and disposal sites.

Article 12

Tasks of the Superordinated Organs

The organs superordinated to the enterprises (combines in the case of combine enterprises) must ensure the necessary measures to reduce the incidence of waste products and harmlessly remove nonutilizable waste products in the enterprises, such as

- The provision of the scientific-technological preparator work for the efficient economic utilization of the waste products generated,
- The provision of the prerequisites for the development and introduction of waste-poor technologies,
- The construction and rational operation of disposal facility and disposal site capacities,
- The deployment of the necessary supervisory and investigative capacities.

Tasks of Central State Organs

Article 13

(1) In their sphere of responsibility, ministers and managers of other central state organs must ensure the steady lowering of the incidence of waste products, in particular by the introduction of waste-poor technologies, measures for the selective disposal of nonutilizable waste products and the harmless removal of nonutilizable waste products. They must guarantee the scientific-technical preparatory work for the development and introduction of disposal processes and facilities as well as for the utilization of selectively deposited waste products and issue to the generators of waste products--together with their state targets and plan quotas--concrete targets for the harmless removal of nonutilizable waste products as well as assignments regarding the development and operation of removal capacities.

(2) The Minister for Materials Management coordinates and supervises the implementation of national tasks concerning the utilization of selectively deposited waste products as raw materials. In coordination with the competent central state organs and within the framework of planning, he must draft proposals for waste products to be selectively deposited and for the creation of scientific-technological and material preconditions for their utilization, and he must convey these to the managers of the competent central state organs for inclusion in plans and balances.

(3) Within the framework of planning, the Minister of Geology ensures the implementation of customers' orders for the construction of underground disposal sites for the harmless disposal of nonutilizable waste products. This is done by examining the geological conditions, sinking boreholes, draining caves and constructing above ground facilities.

Article 14

(1) The Minister for Environmental Protection and Water Management must coordinate the cooperation of the central state organs and district councils with regard to the harmless removal of nonutilizable waste products and supervise the implementation of the legal regulations.

(7) The Minister for Environmental Protection and Water Management is competent for the confirmation of new processes for the harmless removal of toxic waste products and other polluting waste products; he issues the approval for plans to construct

disposal facilities and above ground disposal sites for toxic waste products in consultation with the Minister for Health and the Minister for Geology. Article 6 Paragraph 3 applies.

(3) In consultation with the Minister for Health and the Minister for Geology as well as in coordination with the Minister for Foreign Affairs and the Minister for Foreign Trade, the Minister for Environmental Protection and Water Management issues the permit for the harmless removal of nonutilizable waste products generated by GDR enterprises outside the sovereign territory of the GDR and for the harmless removal of nonutilizable waste products from other countries and West Berlin on the territory of the GDR.

Article 15

Disciplinary Penalty Provisions

(1) Anyone who, in his capacity as manager or senior staff member, deliberately or negligently

- a) Carries out or causes to be carried out the removal of waste products without a permit as per Article 5 Paragraph 4 and Article 14 Paragraph 3,
- b) In the course of the removal of waste products fails to comply with the obligations assigned on the basis of this legal regulation as per Article 5 Paragraph 4, Article 6 and Article 11 Paragraph 3,
- c) Fails to ensure the regular internal checks on the disposal facilities and disposal sites as per Article 11 Paragraph 1,

may be reprimanded or penalized by the imposition of a fine ranging from M10-M500.

(2) A disciplinary fine of up to M5,000 may be imposed if a deliberate irregularity as per Paragraph 1

- Has caused major damage or could have caused it.
- State or public order and safety were substantially affected,
- Social interests were grossly neglected
- The deliberate irregularity was committed as the result of greed or repeatedly within 2 years, and a fine was imposed.

(3) The members of the district councils for environmental protection and water management are responsible for pursuing disciplinary proceedings.

(4) In the case of minor irregularities as per Paragraph 1, assigned personnel of the district councils are authorized to issue a reprimand coupled with a fine of up to M20.

(3) Applicable to disciplinary proceedings and the imposition of fines is the Law of 12 January 1968 on Dealing with Irregularities--OWG--(GBI No 3 p 101).

Article 16

In consultation with the managers of the competent central state organs, the Minister for Environmental Ecology and Water Management will issue implementing regulations to this decree.

Article 7

Concluding Regulations

(1) This implementing decree takes effect on 1 January 1984.

(2) Losing effect at the same time are:

-- Sixth Implementing Decree of 11 September 1975 to the Environmental Ecology Law --Reclamation and Harmless Removal of Waste Products--(GBI I No 39 p 662),

-- Second Implementing Regulation of 11 April 1977 to the Sixth Implementing Decree to the Environmental Ecology Law--Harmless Removal of Toxic Waste Products and Other Pollutants--(GBI I No 15 p 161).¹⁵

Berlin, 1 September 1983

The Council of Ministers of the German Democratic Republic

W. Stoph
Chairman

The Minister for Environmental Protection and Water Management

Dr Reichelt

FOOTNOTES

Currently in effect are:

1. Third Implementing Decree of 14 May 1970 to the Environmental Ecology Law--Preserving the Cleanliness of Cities and Municipalities and the Utilization of Residential Garbage--(GBI II No 46 p 339).

2. Fifth Implementing Regulation of 17 January 1973 to the Environmental Ecology Law--Preserving Clean Air--(GBI I No 18 p 157).

3. Water Law of 2 July 1982 (GBI I No 26 p 467).

4. Order of 2 October 1980 on Waste Dumps and Residual Cavities (GBI I No 31 p 301) in the version of Order No 2 of 18 March 1982 (GBI I No 17 p 361).

Currently in effect are:

5. Order of 11 May 1981 on the Central Collection and Final Storage of Radioactive Wastes (GBI I No 16 p 224).
6. Law of 7 April 1977 on Handling Toxins--Toxin Law--(GBI I No 10 p 103).
7. Order of 20 February 1981 on the Taking of Effect of the List of Pollutants (Special Issue No 1059 of the GESETZBLATT).
8. The Decree of 26 February 1981 on the Protection of Agricultural and Forestry Land and the Guarantee of Socialist Land Use--Land Use Decree--(GBI I No 10 p 105).
9. Third Implementing Regulation of 16 June 1980 to the Sixth Implementing Decree to the Environmental Ecology Law--Export Work Regarding the Reclamation or Harmless Removal of Toxic Waste Products and Other Pollutants--(GBI I No 23 p 227).
10. Currently in effect for joint investments is the Directive of 26 September 1972 on Joint Investments (GBI II No 59 p 642).
11. Currently Mittenwalde Underground VEB.
12. -- Mining Law of the German Democratic Republic of 12 May 1969 (GBI I No 5 p 29).
 - First Implementing Decree of 12 May 1969 to the Mining Law of the German Democratic Republic (GBI II No 40 p 257),
 - Third Implementing Decree of 12 August 1976 to the Mining Law of the German Democratic Republic (GBI I No 32 p 403),
 - Order of 19 October 1971 on the Storage of Underground Mining Plant--Storage Order--(GBI II No 73 p 631),
 - Order of 10 April 1970 on the Reclamation of Land Used for Mining--Reclamation Order-- (GBI II No 38 p 279).
13. -- Industrial Safety and Fire Prevention Order 120/2 of 5 October 1973--Mine Safety in Underground Mining--(Special Issue No 767 of the GESETZBLATT).
 - Industrial Safety and Fire Prevention Order 126/2 of 10 March 1980--Mine Safety in Drilling and Mining Enterprises--(Special Issue No 1035 of the GESETZBLATT),
 - Industrial Safety and Fire Prevention Order 127 of 10 January 1975--Mine Safety in Underground Storage--(Special Issue No 788 of the GESETZBLATT).
14. -- Order of 10 April 1970 on the Reclamation of Land Used for Mining--Reclamation Order--(GBI II No 38 p 279),
 - Order of 23 February 1971 on the Recultivation of Land Used for Mining--Recultivation Order (GBI II No 30 p 245).

15. The First Implementing Regulation of 8 September 1976 to the Sixth Implementing Decree to the Environmental Ecology Law--Information System for Waste Products and Secondary Raw Materials--(GBI I No 39 p 465) and the Third Implementing Regulation of 16 June 1980 to the Sixth Implementing Decree to the Environmental Ecology Law--Export Work with regard to the Recovery or Harmless Removal of Toxic Waste Products and Other Pollutants--(GBI I No 23 p 227) must be applied in conformity with the Sixth Implementing Decree of 1 September 1983 to the Environmental Ecology Law--Harmless Removal of Nonutilizable Waste Products--(GBI I No 27 p 257).

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STATUS, TASKS OF INTERNATIONAL FORWARDING HIGHLIGHTED

Budapest KOZLEKEDESI KOZLONY in Hungarian No 35, Aug 83 pp 579-583

[Lecture by Gyorgy Onozo on 7 July 1983, at the Shippers' Summer University, in Kecskemet: "The State and Further Tasks of Our International Forwarding"]

[Text] Participants of the Shippers' Summer University are probably surprised by the title of my lecture, for two reasons. First, because not only the representatives of foreign trade and other shippers are discussing forwarding, but also the representatives of the carriers. Secondly, because--as evident from the program--several speakers wish to discuss this topic.

Concerning the first reason, it should be established by way of introduction that the tasks of forwarding and international forwarding--even though the latter is a foreign-trade right--are an increasingly important part of both transportation and foreign trade. Therefore I think it is good that representatives of "both sides" will be speaking on this question. And it could also happen that today we might not yet see eye to eye on every question. However, the essential thing is that the debates, the different viewpoints, opinions and proposals should not result in division, but in cooperation to transport goods as smoothly and economically as possible.

I would like to highlight the desirable cooperation primarily from the viewpoint of the enterprises engaged in international shipping.

It is likewise no accident that at this summer university we are devoting perhaps more time to the questions of domestic and international forwarding; this is the result of a conscious and reasoned decision.

In the present economic situation, in accordance with the current objectives of economic policy, the nonintermittent, continuous and sustained restoration of economic equilibrium, and its continuous improvement in the coming years remain a preferential and major issue.

The openness of our economy is common knowledge. For shippers and carriers, too, these are not merely empty words, but a factor that affects very closely their activity, strongly influencing both areas, together with its occasional contradictions.

To this audience it is practically a slogan that foreign trade and its supplier industries, agriculture, and--let me add--the transportation services that we

all use, play a decisive role in our open economy that is strongly dependent on the external economic situation and on our external economic relations. Today more than half of national income is realized through Hungary's foreign trade, which for the shippers and carriers means the transportation of nearly 50 million tons of export and import a year.

The international and domestic economic problems in recent years have forced us increasingly to realize that our past thinking and actions, even if we look back only to the 1970's, are no longer adequate, and that within a short time we must find new and different solutions also in the organization of handling this large volume of commodity trade.

Hungarian foreign trade's transportation costs increased by 50 to 70 percent during the past five years. This is a result of several well-known factors: of the rise in energy prices; of the recession coupled with inflation that is seriously affecting many countries of the world; of the rearrangement of our foreign markets that has occurred in the wake of the preceding factors, which in many instances has affected us unfavorably in the world market, and within it in the world transportation market. The share of distant countries has increased significantly within our foreign-trade turnover, and thereby the drawbacks of our landlocked location make themselves felt more strongly than in the past.

Higher transportation costs unquestionably have a negative effect on our economy. In comparison with the previous "untroubled" situation, therefore, the need to manage transportation costs more purposefully and efficiently is being raised increasingly and with growing urgency.

It is commonplace but nonetheless true that every cloud has its silver lining. Whereas in the past transportation costs accounted for 3 or 4 percent of the price of a product, they now amount to between 10 and 15 percent and occasionally to as much as 25 percent, depending on the commodity and the provenance or destination. This is already a proportion that makes it highly worthwhile for every participant in the transportation process to consider very intensively ways that permit a relative reduction of the transportation costs. This proportion is significant especially where our ability to compete in foreign markets depends on a price difference of a few percentage points. These few percentage points could depend also on the optimal conditions of delivery. This is one of the reasons why the role of forwarding and international forwarding has risen so vigorously in recent years.

By way of introduction it will be expedient to clarify something very important. In Hungary international forwarding is a foreign-trade monopoly, and this is rightly so. For foreign trade knows the world market the best, the foreign and domestic requirements, the background in domestic production, the demand, prices, and also the transportation possibilities, which again foreign trade must manage. However, the state foreign-trade monopoly of the right to conduct international forwarding must not be confused with the monopoly of one or a few enterprises.

Under the influence of the requirements stemming from the openness of our economy and because of the efforts to increase efficiency, the managers in charge

of foreign trade recognized in due time the need to flexibly adjust to the given situation. One result of this has been the significant expansion of the right to conduct foreign trade. The industrial, agricultural, commercial and service enterprises that were prepared and able to engage in foreign trade, and the efficiency of whose activity is enhanced by their participation in foreign trade, acquired in recent years the right to engage in foreign trade. Today more than 150 Hungarian enterprises have this right.

The granting of this right is gradually accompanied, very properly, by the granting of an international forwarding license or limited license to the international forwarding enterprises whose experience and existing conditions provide a suitable basis for international forwarding.

In the past the traditional forwarders did not have any transportation equipment of their own, and even today there are numerous forwarders throughout the world who have, figuratively speaking, only a desk and contract with carriers, warehousing and loading organizations to transport and handle goods.

Under economic conditions regulated by the market and competition, there often is no need for anything more, because the contractual relations between the shipper, forwarder and carrier guarantee that the shipments will arrive properly at their destinations. Naturally, forwarding as a service must be advantageous for the forwarder as well, but a competitive carrier background is essential for this.

In recent years it has been suggested more and more definitely that for the shipper it is more advantageous, economical and secure if the forwarder also owns transportation equipment. But this holds true also conversely: it is more advantageous, economical and secure for the shipper if the carrier not only has transportation equipment, but--in the interest of maintaining lasting relations with shippers--is also able to provide the full range of other services for the transportation process.

A fundamental initial condition is the granting of a license to engage in forwarding, in international forwarding in our case. During the past 1 to 1.5 years, the carrier enterprises that have been issued a forwarding license or a limited license by the Ministry of Transportation (effective as of 1 January 1982, or earlier in some instances) have adopted numerous measures, in accordance with their immediate or long-range economic interests, to offer a significant proportion of forwarding services in conjunction with the organization of shipments.

What are these services?

--Recommending the most favorable route to the place of destination, based on the transportation cost;

--Selection of the most suitable mode of transportation and carrier, in accordance with the characteristics of the shipment and of the transaction;

--Complete administration of the shipment and care for it, until released to the consignee.

In conjunction with their principal activity, the granting of international forwarding licenses to carrier enterprises enables them, in accordance with the common interests of their shippers and themselves, to engage more extensively and thoroughly in home delivery, consolidation, trucking to and from the station, and regular parcel service.

Licensing the carriers to act as forwarders has enabled the transportation enterprises to retain and even develop further all the activities that shippers have been demanding of them for years, and which some carriers provided while others did not. Such activities include: ordering a vehicle from another participant in the transportation process when modes of transportation are combined; packaging; marking, loading; issuance of a bill of lading; ascertaining the number of pieces and the content; sampling; accompanying the shipment; warehouse storage; and the filing of claims against the carrier (or carriers).

The competition that has developed in the transportation market, better utilization of the available and occasionally excessive transportation capacity for the fluctuating transportation demand, efforts to expand capacity that occasionally is in short supply, the obtaining of an international forwarding license--all these are factors that not only broaden the authority of the carrier enterprises, but also give them more opportunity and even compel them to maintain better business relations with shippers and to cooperate with them, on the basis of common interests.

Even today there are frequent, practically daily, debates between carriers and shippers on competition, different interests, the seeming or real contradictions of regulation, on whether it is possible or necessary to introduce, in addition to the regulations in force, also administrative restrictive or other measures that give preference to one or the other party. Such debates are warranted and necessary. It is not our objective to end debate between shippers and carriers, and it would be irresponsible to promise that disputes between them will eventually cease. Representatives of both parties agree in principle on many things. Primarily on the basic interest of the national economy in that Hungarian export and import shipments arrive at their destinations by the required time, at the lowest possible transportation cost, and within this at the lowest possible cost incurred in foreign exchange.

Because of the real or imagined conflicts of interest between the commodity market and the transportation market, agreement in principle often still fails to lead to choosing the optimal domestic and foreign carriers. When there is a real conflict of interest, the commodity market's interest must be recognized as the dominant interest. But there still are many seeming or superficially analyzed conflicts of interest where, with suitable circumspection, it would be possible to use Hungarian means of transportation more extensively.

Most conflicts between shipper and carrier enterprises stem from the fact that the shippers' main consideration is to sell or buy merchandise at a good price, and in the course of this the interests of domestic carriers are relegated into the background when the foreign-trade transactions are not concluded at distant terms of delivery, or when Hungarian carriers are not given a chance to compete with foreign carriers for the business.

Numerous central measures have been adopted in recent years on this subject, and the objective of each has been to resolve the tensions between shippers and carriers, with due consideration for the fundamental interests of the national economy, in a way that would not be detrimental to the enterprises on either side.

In addition to the well-known economic regulation measures, since October of last year this purpose is being served also by the operational group for international forwarding that functions under the joint supervision of the Ministry of Transportation and Postal Affairs and the Ministry of Foreign Trade. The group is authorized to adopt specific operational measures on the basis of the gathered, analyzed and summarized experience, and to propose intervention and other central measures if necessary.

Obviously the adverse forms of behavior, or forms of behavior that seem adverse to one or the other party, cannot be changed overnight, because in both foreign trade and international forwarding the practices that have to be changed might have been adopted decades ago. Therefore the series of central measures to date must achieve primarily a change of approach, on the basis of which the enterprises are to adopt operational measures. This series of central measures includes also the licensing of the carrier enterprises as international forwarders.

In sum the aforementioned operational measures undertaken by the enterprises (to be discussed specifically and in greater detail regarding the MAV [Hungarian State Railways], VOLAN [Motor Transportation Trust], GYSEV [Gyor-Sopron-Ebenfurth Railroad] and MALEV [Hungarian Air Transport Enterprise], in separate lectures at this summer university) indicate that the carrier enterprises are ready or increasingly preparing to organize every phase of the transportation process in the interest of their customers, and thereby to exclude the unnecessary middlemen who often only complicate the transportation process, for the customers as well as the carriers. In this way the carrier enterprises can improve the utilization of their own transportation equipment and increase their own traffic, which is a decisive factor from the viewpoint of the carrier enterprises' profitability amidst the present transportation capacity and conditions in the transportation market.

Amidst the exceptionally fierce competition, our carrier enterprises that have been licensed to function also as international forwarders have or could have significant advantages that could make their customers even more interested in using them. Thus our public international carrier enterprises have a network through which they are able to sell to third countries their available unused transportation capacity, whereby they can utilize their equipment at, and occasionally even above, the international average level. In this way it is possible to avoid burdening Hungarian exports and imports also with the costs of the empty runs.

We may include here also the fact that since the Hungarian economy is turning increasingly toward the developing countries of the Near and Middle East, our international public carrier enterprises are adjusting in due time and with sufficient flexibility to this demand; to satisfy their customers' needs, these enterprises are able to efficiently utilize their networks of foreign

representatives and agents that they have developed in numerous countries. Today, for example, our international public carrier enterprises are offering regular scheduled service for less-than-carload shipments to 20 European and two Near East destinations. Where the foreign agents are not performing well, the agency agreements are cancelled and new partners are sought. The services that a given line offers are used extensively, including ferry service and Ro-Ro vessels. The possibilities of combined highway-rail shipments on the continent are also thoroughly investigated.

One of our trucking enterprises, for example, maintained for six months on an experimental service piggyback service to Austria, the Federal Republic of Germany and Belgium, with the United Kingdom as the final destination. It was not the Hungarian enterprise's fault that it was unable to compete with this combined mode of transportation, due to the high proportion of convertible foreign-exchange costs and the serious delays on the Western railroads and at the rail-highway interchanges.

Taking advantage of their broader international forwarding licenses as of 1 January 1982, the international carrier enterprises are again rethinking their activity, in the light of the new opportunities.

It can be established that among the licensed international forwarders--MASPED [Hungarian General Forwarding Enterprise], Raabersped, MAVTRANSZ [Forwarding Service of the Hungarian State Railways], MAHART [Hungarian Shipping Company, Ltd], Hungarocamion [Hungarocamion International Motor Transport Enterprise] and Hungarosped--real competition has developed for business. It can be attributed to this competition that, among other things, MASPED and Hungarocamion formed Hungarosped in April of this year, a business partnership that is not a separate legal entity. The benefits of competition are indisputable. This is true not only in terms of the primary effect: better, more careful and economically more advantageous services for shippers. Likewise important is the secondary effect: the suppliers of transportation services can remain competitive only through greater flexibility, more modern organization, and by constantly seeking more economical solutions.

We find it gratifying that the international carriers which are also licensed forwarders are not only retaining their relatively few foreign-trade enterprise customers, but are also increasing their soliciting of new business from the industrial, agricultural and commercial enterprises that as yet are not authorized to conduct foreign trade independently but are getting increasingly more say in how their shipping is organized. These carrier enterprises are making extensive surveys of potential customers and have begun the organized development of personnel relations, through so-called soliciting trips, not only with the directors general but with traffic managers as well, which is at least as important. They send salesmen to a district for several days. The salesmen visit the most important shippers from the viewpoint of the district and of the carrier enterprises, update their information of their customers, demonstrate their services and outline in detail the specific opportunities for cooperation. The carriers prepare quarterly and semiannual soliciting plans that contain the tasks in a breakdown by branch managements.

All this indicates that the carriers, under the influence of numerous external and domestic factors, are going out to meet the shippers, in the way this

should be done. It is very important that this organized market research, let us call it transportation marketing, should not be intermittent. It must become a permanent process.

Most international carrier enterprises, and the domestic carrier and forwarding enterprises as well, are continuously streamlining their organizations (MAV, GYSEV, VOLAN, Hungarocamion, MAHART and MALEV) so as to take advantage also of the opportunity to change the enterprise structure in their economy-organizing work.

I do not wish to dwell on this activity at MALEV, for that will be the subject of a separate lecture. I will cite MAHART as an example of recent organizational modernizations; it has drastically changed its enterprise organization as of 1 July of this year, primarily to better serve the shippers' interests.

Danube-ocean traffic now accounts for nearly half of MAHART's activity. The proportion must vary as a function of the situation at any given time, in accordance with the requirement of economic efficiency. In addition to river-ocean shipments, MAHART too is organizing combined rail or highway shipments to and from the ports, against a single bill of lading, if this is advantageous for the shipper. Among experts it is unnecessary to dwell on the advantages of such shipping documents.

MAHART is also encouraging the construction of low-cost docks. Although the volume is small, in comparison with the previous period it is nonetheless a result that with the aid of such docks MAHART has been able to ship for export nearly 100,000 tons of grain from the Tisza River.

Although differently in accordance with their specific conditions, the aforementioned enterprises have realized that they do not only have to take cognizance of the transportation market but also can organize it through active market research and by knowing the transportation demand, and that in this they must flexibly employ their rate and tariff policies and the possibility of discounts, in accordance with the quantitative and qualitative changes in the sphere of services.

Advertising by the carriers has become more purposeful and meaningful. They are making better use of the opportunities provided by organizations of the Hungarian Chamber of Commerce, especially by its regional liaison committees.

In full knowledge of the measures adopted to date within the Ministry of Transportation and Postal Affairs to manage, organize, implement and control international forwarding, what are the concepts, proposals, further tasks and measures through which this important activity can be developed?

1. Continuous investigation is necessary to determine which additional foreign-trade or international carrier enterprises should be licensed as international forwarders for the forwarding of their own shipments. The case is rarer when it is necessary to investigate from which enterprises should a license granted earlier be revoked when they are unable to use their license properly, or if their activity is detrimental to the interests of the national economy.

2. On the basis of the favorable experience to date, we should investigate and stimulate by suitable means that the carrier and shipper enterprises with forwarding licenses form additional economic partnerships for the better utilization of their transportation equipment, in order to obtain bigger discounts from foreign carriers.

3. The need should be investigated of establishing independent organizations --on the model of the GYSEV-Raabersped and the Hungarocamion-Hungarosped construction--that, in the interest of impartiality in awarding forwarding tasks, would be able to choose the most advantageous mode and means of transportation impartially and independently of the parent enterprise's specialization.

4. The international carriers with forwarding licenses or limited licenses must strive to establish suitable contractual relations with the industrial and commercial enterprises authorized to conduct foreign trade, especially with the enterprises that do not have an adequately trained forwarding staff, or which do not even need a forwarding staff of their own in view of the forwarding services provided by the carrier enterprises.

5. The international carrier enterprises that have forwarding licenses should develop further their information system on the transportation market's situation, transportation capacities and (in order to follow flexibly the rate movements in the transportation market) the applicable freight tariffs; here they should computerize at a faster rate, and on its basis formulate a rate policy that corresponds to the given market situation and is conducive to the maintenance of permanent good relations between shippers and carriers.

6. The granting of international forwarding licenses to carriers also demands that the international carrier enterprises concerned adopt further measures to reduce the accounts receivable, to speed up invoicing, to determine the most advantageous currency in which to pay freight charges, and to control enterprise finances more closely.

7. Within their network of local offices in foreign countries, the carrier enterprises with forwarding licenses should develop the two-way flow of information, whereby they can enhance the work of the sales personnel stationed abroad and achieve that the local offices inform headquarters more regularly and meaningfully about the given country's economic policy, the price levels in the transportation market, the competing carriers, and the development of the given country's foreign trade by provenances and destinations, all of which could affect the forwarding or carrier enterprise in question.

It must be enforced more strictly than in the past that a suitable report or memorandum, with information of use to foreign trade and forwarding, be prepared on every international negotiation, whether at home or abroad; care must be taken to ensure that such information is processed and utilized in a better-organized manner, and more accurately and effectively than up to now.

8. The increased transportation opportunities resulting from the granting of international forwarding licenses, and in conjunction with it the increased tasks and greater responsibility, necessitate that the enterprises concerned

and the new carrier-forwarding organizations that they form have more specialists with a better knowledge of foreign trade and international forwarding. To this end it will be necessary to use more purposefully than up to now the specialists graduating from secondary schools and higher educational institutions who know foreign languages and are trained in economics. In the interest of utilizing the greater opportunities resulting from the license to engage in international forwarding, within the enterprises it will be necessary to provide suitable professional training not only for the foreign-trading and forwarding staff, but for all workers participating in international transportation, down to and including truck drivers and seamen.

9. Parallel with the granting of international forwarding licenses, it is necessary to solve the problems of forwarding's policy guidance arising from this expansion. These problems include, among other things:

--Improvement of professional supervision, the issuance of guidelines;

--Improvement of mutual information on forwarding and the transportation market;

--Solution and development of joint professional training;

--Coordinated participation in international organizations of forwarders.

The Ministry of Transportation and Postal Affairs also demands and supports the reinforcement of its appropriate organs with more staff for the coordination of these tasks and to ensure the high quality of their performance.

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FOREIGN TRADE TASKS FOR FOOD INDUSTRY ANALYZED

Budapest ELELMEZESI IPAR in Hungarian No 8, 1983 pp 285-287

[Article by Balint Bago, head of main department, Ministry of Agriculture and Food Industry: "Fulfillment of the 1982 Foreign Trade Targets of Food Production and Its Tasks for 1983"]

[Text] It became clear already in the first quarter of 1982, that the foreign market forecasts and domestic economic conditions that had served as the basis for the preparation of our 1982 national economic plan had been more optimistic than the actual situation. The recession that has plagued the capitalist world for several years now has become even more serious. In 1982, foreign market prices continued to drop. The 1982 national economic plan contained projected volume increases of 4 to 4.5 percent in agriculture, 3 percent in the food industry and 2.8 percent in exports (including a 5 percent growth in convertible export deliveries). What actually happened was that on the one hand, in order to offset the 6 percent price reduction that occurred in the first quarter of 1982 it became necessary to increase volume growth, while on the other, efforts to improve the existing equilibrium situation of the national economy required greater increases in the convertible export of food stuffs than had been planned.

The economic organization efforts that had evolved in the course of the whole year were aimed at offsetting price declines with surplus commodity stocks, and also at ensuring that our agricultural commodity and food stuff producing economic units earn greater revenues in order to help us improve the convertible foreign trade balance of our national economy.

As verified by actual data it can be ascertained that our objectives, as amended during the year, aimed at increasing exports and reducing imports have been overfulfilled. The volume of agricultural and food industry production was 4.6 percent and 3.3 percent higher, respectively, than in 1981. The value of our exports has exceeded the base by 9.2 percent (in the case of convertible exports by 10.2 percent), which, due to a decline in prices, has meant a 15 percent increase in quantities. Overall, imports have dropped by 13 percent compared to their 1981 levels. Owing to our well-balanced and undisturbed domestic food supplies, a greater percentage of our production increments has been sold on foreign markets. In 1982, the proportion of exports compared to

production in the beef, pork, poultry, and lamb branches was 40 to 50 percent, and in the case of certain types of fruits it was significantly higher.

The 1982 convertible foreign trade earnings of agriculture and the food industry made up 37 percent of our national economy's total revenues from that source, compared to the 30 to 33 percent ratio attained earlier which had also been the level projected in the Sixth 5-Year Plan.

Our agricultural branches—also taking into account the utilization of materials, machines, spare parts, chemical fertilizers, insecticides, etc., necessary for food production—have produced more than 80 percent of our national foreign trade assets.

The quantitative growth attained in the 1981 and 1982 convertible exports of our agricultural branches was, on the average, 11 percent a year, which was nearly double the growth achieved during the previous plan period, and which was 50 percent higher than the volume increase planned for the Sixth 5-Year Plan period.

Summary Data of Our Foreign Trade Turnover
(in percentages, using a forint basis)

Type of Activity	Ruble-Cleared Relations			Non Ruble-Cleared Relations		
	Actual Figures Compared to the Plan	1982/ 1981	Price Index 1982/ 1981	Actual Figures Compared to the Plan	1982/ 1981	Price Index 1982/ 1981
Export	106.7	106.5	103.3	103.4	110.2	95.7
Import	92.2	85.1	108.6	95.9	88.4	90.3
Balance	109.-	112.6	95.-	107.7	126.4	106.-

In 1982, the dominating branches of our agricultural exports were the meat, grain, vegetable oil and canning industries. The following were the main characteristics of the export sales realized by our most significant exporting branches:

--The meat industry: in addition to ensuring continuous domestic supplies and fulfilling its socialist interstate obligations, it has significantly increased its convertible sales. The constantly high quality of animal husbandry, flexible mid-year product-structure changes and the exploration of reserves have helped exports to develop in an extremely positive direction. On the negative side, however, there has been an increase in expenditures per unit of convertible sales revenues, in part as a result of an increase in the price of the materials and energy used by the branch, and in part due to an increase in the export of less profitable products.

--The poultry industry has significantly expanded its sales in all three directions: in its domestic as well as in its ruble and non-ruble cleared relations. It was this branch that suffered perhaps the greatest decline in

convertible foreign exchange prices during the year, much of which it has been able to offset by producing surplus commodity stocks.

--Milk purchases--due to a reduction of incentives--had continued to rise during the year at a gradually declining rate, eventually exceeding the base by 2.7 percent. The fulfillment of export objectives required a change in the product structure. Reducing the amount of powdered milk and butter, we have had to place greater emphasis on the production of less basic-material intensive and better price-position cheeses.

The quantities of grain produced in 1982 were enough to ensure our export commodity stock levels. Realizing our exports actually as planned was made more difficult by railroad car problems caused by year-end delivery peaks. In 1982, we were able to deliver record quantities by water. In our import of protein fodders we were able to achieve significant savings, mainly as a result of price reductions and in part by cutting back quantities. In order to ensure the necessary supply of mixed fodder for our increased animal stock, we have developed protein-saving mixtures, increased the utilization of domestic protein sources and engaged in economy-minded stockpiling. By choosing favorable times to make our purchases, we were able to achieve significant price reductions.

In 1982, our exports of vegetable-oil products increased in both main accounts. The chief products of our convertible exports were sunflower oil and sunflower seeds, which was made possible by significantly increasing production. Our sales-revenue increases were smaller than our volume growth, for the price of oil products have significantly dropped.

Our canning industry has fulfilled its socialist interstate obligations, although in 1982 we did have some problems with deliveries. For years now we have run into additional costs due to closed borders and railroad car problems. Despite significant price reductions, our convertible exports have exceeded the basis by more than 10 percent. It is worth pointing out that the efforts of our newly-independent canning factories in the areas of specialty production and new packaging have already brought some results. Our cooperation with the state farms in the production and preparatory process has been strengthened.

Although the value of the quick-frozen commodity exports of our refrigeration industry has exceeded the basis, it has failed to achieve the objectives laid down in the plan. Compared to our planned delivery levels quantities have been significantly lagging. At the same time, there has been some improvement in our average selling prices.

Our ruble-cleared wine exports were fulfilled sooner than planned, and additional demands on the part of our partners have been successfully met. Our convertible exports, however, have fallen short of the previous year's levels. This can be attributed in part to the unfavorable production results of 1981, and in part to market-related reasons (bumper crops in Western Europe).

In 1982, therefore, virtually every specialized branch was able to significantly increase its exports, thereby making it possible for us to compensate for the considerable price reductions that had occurred during the year with surplus commodity stocks. In the interest of improving the foreign trade balance of our national economy, our agriculture and food industry have, owing to various incentive measures introduced during the year aimed at increasing commodity stocks, overfulfilled even their highly stepped-up objectives that had been augmented during the year.

The Export Objectives of Our Food Economy for 1983

On the world market of food stuffs there is still no recovery in sight for 1983. Our first-quarter transactions, unfortunately, seem to confirm our pessimistic forecasts, for compared to 1982 prices have continued to drop. Under these circumstances the total exports of our agricultural sector will have to be increased by 6.5 percent compared to their 1982 level, and those on our convertible accounts will have to be raised by 9 percent if our foreign trade balance is to attain its desired equilibrium without a change in our present level of imports. According to our projections, we can expect at least another 6 percent price reduction in our convertible exports compared to last year's levels, which once again will have to be offset by commodity stock surpluses. In 1983, our agricultural branches will continue to have to produce at least a 15 percent increase in their volume of exports. This is all the more necessary, since it implies that during the first 3 years of our Sixth 5-Year Plan the quantitative increases projected to materialize in our convertible exports will have to be nearly twice as great as originally planned.

As one of their most important requirements, our enterprises must focus their activities on bringing about an increase in exports. We must take advantage of every available export opportunity even if it is only of marginal benefit to us. It is extremely important for us to retain our existing markets and to try to break into new ones. Hence we must attach special importance to quality, to meeting deadlines, to model deliveries and to every factor that may have a beneficial effect on our competitiveness.

Previous years were also characterized by fourth-quarter delivery peaks, which was especially the case in 1982. In order to avoid the recurrence of such peaks, we need to pace our exports and speed up our first, second and third-quarter export deliveries. This is all the more important, for our export revenues also have a direct or indirect effect on our ability to ensure uninterrupted material and spare parts supplies for production.

Other sources which could be used to expand convertible exports include the so-called small commodities. Steps must be taken to ensure that every exportable commodity stock is exported, while doing everything we can to satisfy foreign market demands as quickly as possible, and by providing proper quality and adhering to the wishes of our buyers.

The following are the main objectives that must be fulfilled in order to meet our 1983 export projections:

- complete fulfillment of our socialist interstate agreements,
- increasing the convertible export of commodity stocks and offsetting price declines,
- meeting our delivery deadlines,
- encouraging market research and market exploration work and building close cooperation with our foreign trade enterprises,
- reducing expenditures.

In addition to these priorities, we must take advantage of every opportunity in order to ensure that our sector's contribution to the strengthening of the assets of our foreign trade balance attains its desired level; besides import savings and import replacements, however, this must be based mainly on increased exports.

The most important domestic branches that have contributed to our 1983 exports include our meat, poultry, grain, vegetable oil and canning industries.

The almost 6 percent price decline that had occurred in our meat industry has been offset by exploring production reserves, by increasing production using various incentive measures, by being highly flexible in adjusting to demands, by making structural transformations, and there is even a chance that the above measures will bring about a greater than planned increase in the industry's export deliveries of commodity stocks.

Also increasing its export commodity stocks has been the poultry industry, where foreign market price reductions have been extremely great, reaching 16 percent on the average. The self-regulation based expansion of production has made it possible to partially offset this fall in prices and to nearly attain the planned level of revenues.

The export prices of grains have dropped by almost 10 percent compared to their base price. More than ever before, steps must be taken to ensure that deliveries are made at a balanced pace throughout the year. Offsetting the price reductions will require greater than planned increases in our export-targeted grain quantities.

We probably will not be able to completely offset the approximately 13 to 15 percent decline that had occurred in the price of vegetable oils and oil seeds. The vegetable-oil industry, however, must use every available means at its disposal in order to increase--by choosing the most favorable time for selling--the quantity and value of its exports.

Fulfilling this year's foreign trade objectives will require better-than-before cooperation by means of speeding up the flow of information and flexible adjustment to the demands of the market. Our producers must take a close look at the various ways of taking advantage of the opportunities offered by the parallel foreign trade law, at price comparisons and making the

most of the benefits that stem from the activities of regional foreign trade organizations. (Vas, Csongrad, Bekes, Bacs-Kiskun and Baranya megyes)

In the import economy savings are vital. It is the duty of every enterprise to try to find ways of replacing products which so far have been imported with domestically produced ones.

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AGRICULTURAL SUPPLIES FOR FOOD INDUSTRY FOUND BOUNTIFUL

Budapest ELEMZESI IPAR in Hungarian No 8, 1983 pp 284-285

[Article by Miklos Monori, head of department, Ministry of Agriculture and Food Industry: "Ensuring the Agricultural Basic Material Requirements of Our Food Industry for 1983"]

[Text] In the agricultural sector, the 1982 gross production value resulting from basic activities computed on constant prices increased at a considerably faster rate than planned, by more than 5 percent over the 1981 level. Included in this--in accordance with the goals of the plan--there was a 6 percent increase in plant cultivation and a 4 percent growth in the share of animal husbandry.

It was this faster than planned increase in production values which made it possible for the food industry to buy more agricultural raw materials than had been projected, to make better use of its production capacities and market possibilities, and consequently to increase its gross production by 5.2 percent instead of by 3 percent as had been planned. There were significant production increases in the wine, poultry, canning, sugar and beer industries. In the meat industry the increases were especially notable in the processing of products required by our export commodity stocks.

The production results of the food industry have further improved the quality of domestic supplies. Industry has not only strengthened, but in some branches has even expanded the supply of goods and broadened its selection. One evidence of this has been the fact that at the fall Budapest International Fair almost 35 new food industry products were given recognition and awarded Fair Prizes.

Despite a greater than expected decline in prices, in 1982 the dollar-cleared export revenues of our agricultural trade increased by 10 percent. The production results of our food industry managed to offset the price losses suffered by our exports by showing an increase in quantities.

Also contributing to the achievement of these results has been the fact that in recent years our state farms and food industry enterprises have developed many-sided forms of cooperation. Efforts to expand these relations to cover broader economic grounds, however, have been hampered and occasionally even blocked by organizational developments.

Due to a division of authority, mid-level directing agencies, such as trust administrations have not always been able to take local peculiarities adequately into account. As a result, development programs often have not been in harmony with the agricultural backgrounds and production potentials of a given region.

It was not until 1983 that most food industry enterprises first got into a position where they had a completely free hand in determining their purchasing, processing and marketing programs. For in preparing for last year, they still had to take several economic measures into account that had been made by earlier trust administrations. Once independent, however, these enterprises have been able to smooth the transition and continue to strengthen their ties.

In order to procure the supplies of agricultural basic materials necessary for industrial production in 1983, our enterprises—according to their needs—had entered into agricultural agreements with our state farms.

The situation of commodity marketing agreements signed for the 1983 deliveries of major agricultural products was as follows, using 30 April figures:

<u>Item</u>	<u>Unit of Measurement</u>	<u>1983 Enterprise Projection</u>	<u>Agreement for 1983</u>	<u>Agreement as a Percentage of the Projection</u>
Cereals	thousand tons	4,210	3,846	91.3
Corn	thousand tons	2,200	1,290	58.6
Oil Seed	thousand tons	740	760	102.7
Tobacco	thousand hectares	15	13.9	92.7
Sugar beet	thousand hectares	115	115.8	100.7
Wine	thousand hl	2,335	2,100	89.9
Fresh vegetables	thousand tons	386	433	112
Canned vegetables	thousand tons	690	705	102.3
Total vegetables	thousand tons	1,076	1,138	105.8
Fresh fruit	thousand tons	716	849	118.6
Canned fruit	thousand tons	226	228	100.8
Total fruit	thousand tons	942	1,077.5	114.4
Potatoes	thousand tons	163	208.1	127.6

Slaughter hogs	thousand heads	7,300	6,700	91.7
Slaughter cattle	thousand heads	570	500	89.7
Slaughter lamb	thousand heads	1,400	1,390	99.2
Slaughter poultry*	thousand tons	380	310	81.6
Eggs	thousand pieces	580	430	74.1
Milk	million hl	2,397	3,390	100

(*The signing of poultry agreements for the second half started at the beginning of March.)

The above situation report proves that our state farms have been well prepared to deliver the raw materials required for attaining the projected levels of food industry production. Fulfillment of these goals has been further enhanced by the fact that this year the attitude of cooperation on the part of our enterprises and state farms has become even more meaningful. Despite worsening market conditions, our food industry enterprises have been providing increasingly more assistance not only in the organization of production, but also in promoting necessary technological development. Our meat industry has done a remarkable job in performing its production integrating tasks. In order to make the procurement of its commodity stock supplies more secure and to improve the quantity and quality of its production, it has increased its pork production-determining sow allocations. This year more than 60,000 brood sows are expected to be allocated, mostly to household and small farms, affecting nearly 10 percent of our country's sow stock. Out of economic considerations and without avoiding risk-taking it has continued to strengthen its meat production by also purchasing imported basic materials. These imports have included piglets and young pigs from Czechoslovakia, beef cattle basic stock from Poland, which have been allocated to producers in order to expand the domestic basis of pork and beef production.

Our state farms and canning factories have also developed new forms of cooperation. The activities of our factories in Debrecen, Nyiregyhaza, Nagykoros and Szigetvar have been especially noteworthy. One practice that has gained increasing popularity among these enterprises has been the setting up of preparatory or juice-extracting equipment for the processing of vegetables, apples and other fruits right on the state farms. The economic background on which such decisions are based is extremely significant. Aside from their direct benefits in term of trade, such agreements have also played an important role in simplifying the transportation of workers and the utilization of secondary products.

We could continue our list by discussing the growing popularity of various other forms of cooperation that have evolved in our wine, dairy, and poultry industries. Instead, however, it would seem more expedient to point out those production policy-related tasks which food industry enterprises are expected to carry out with increasing vigor both now and in the future. This year our

food industry will have to fulfill export projections that exceed the previous levels, while at the same time changing its structure of marketable goods. Producers must be informed more promptly than before regarding quantitative and qualitative changes that affect their basic materials, and contractual relationships will continue to have to address real needs. Hence what we need are entirely new types of production policy activities that will bring discernable results already this year. In cooperation with the breeding and fattening farms, our poultry processing enterprises have made adequate preparations to ward off any production and marketing-related problems that might be caused by the strong supply market. Their recommendations calling for self-regulation over production and the obligations which they had assumed under contract provided reliable guidance that has enabled them to process and market broiler chickens and geese without a loss, despite strongly depressed market prices.

Our canning industry has also taken steps to improve the winter-apple production and marketing equilibrium by turning the excess into concentrates. The goals of this program were overfulfilled already last year. This year they plan to increase production even more and expect to process at least 480,000 to 500,000 tons of apples. This development will help to reduce the tensions that had evolved around the utilization of winter apples and to strengthen the marketing security of producers. The steps which the Nyiregyhaza Canning Factory has taken toward alleviating the production policy problems of the Szabolcs region have been especially far-reaching.

As the above report also indicates, the methods of our agricultural trade are becoming increasingly more modern. This development is also reflected in the changes that have occurred in the conditions specified in the agricultural product marketing agreements regarding commodity deliveries. Also expanding have been the various areas of cooperation between agriculture and the food industry. This has led to a simplification of our commodity turnover and to a reduction in the role of intermediate trade. All of these together will guarantee, that the production background of agriculture will continue to fulfill the basic material needs of our food industry for 1983, and that it will deliver the basic materials needed for processing as specified in the conditions of the agreements.

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TEXT OF 1983-1985 SOCIOECONOMIC PLAN PUBLISHED

Warsaw DZIENNIK USTAW in Polish No 24, 11 May 83 Item 103 pp 323-344

[Resolution of the Sejm of the Polish People's Republic, dated 28 April 1983, on the National Socioeconomic Plan for 1983-1985]

[Text] After reviewing the draft of the national socioeconomic plan for 1983-1985 presented by the Council of Ministers, the Sejm of the Polish People's Republic, using the following as the basis:

an assessment of the country's current economic situation, the causes underlying the current crisis, and the need to overcome it as quickly as possible,

the results of consulting the public concerning variants of the national socioeconomic plan to the year 1985, and

the principles of the economic reform,

ratifies the national socioeconomic plan for the years 1983-1985, hereinafter designated by the abbreviation NPSC.

This plan is the basic instrument of state economic policy defining the goals, proportions and ratios and the resources for the development of the economy, major social and economic targets, and the ways to achieve them.

The Sejm affirms that in order to restore the national economy's operational effectiveness as necessary to improve the material and cultural standard of living for citizens and to insure the Polish People's Republic its proper place in the international division of work, it is essential to improve the methods of guiding the economy and to fully mobilize the forces, means, and creative potential of the whole society around the implementations of the targets of the NPSC.

We are setting out on a long and difficult road leading to the rebuilding of our country's economic strength and of the nation's standard of living.

It is necessary to be consistent in eliminating barriers blocking our way. All patriotic forces of our nation must be united, without letting sacrifice and limitations stand in the way. Otherwise the economy will not be able to overcome incapacity, helplessness, and recession.

On behalf of the execution of these goals we must take a critical look at our work. We must make a hard assessment of carelessness, supremacy of private interests, and the primacy of private concerns at the cost of the general good. We must give efficiency and industrious back their rank and reward them with higher earnings.

Hence, as a nation, we must undertake organic work, as shaped by the NPSG described in this law.

Chapter 1: Conditions, Goals, and Targets of Socioeconomic Policy

1. The goals and targets of social and economic policy set down in the NPSG take into account the basic conditions following from the current domestic situation of our country and the international situation.

Among the factors hampering the development of the economy in 1983-1985, the following are considered fundamental:

- 1) the crisis-related decline in exploitation of production potential and labor productivity, and the resulting decline in the level and quality of material production,
- 2) the state of grave imbalance in the economy expressed in the level of the disequilibrium between the needs and the possibilities of meeting them,
- 3) the national income's encumbrance with payments due as the result of credit obtained in previous years, debts which are very difficult to repay so long as there are severe crises in the world capitalist economy,
- 4) the growing difficulties in meeting the demand for raw materials, power, and other materials, especially imports,
- 5) the limited possibilities during the next few years of undertaking any sort of investment, and therefore the impossibility of any further development of the economy without a shift placing the economy on the track of intensive development based on improved use of those resources which the country has available.

The country's economic policy must strive to overcome these barriers to the country's development.

The possibilities for expanding economic cooperation with countries of the Council for Mutual Economic Assistance is considered the basic factor helping to bring about economic development in the years 1983-1985.

A. General Social Programs and Goals

2. The following goals are seen as the basic goals of socioeconomic policy in 1983-1985:

- 1) providing for the feeding of the nation with a reduced dependence on imported foodstuffs, especially grain,
- 2) greatest possible satisfaction of housing needs, and the development of the technical and social infrastructure in towns and settlements,
- 3) improved supply of industrially manufactured goods for the population to meet the needs of daily life,
- 4) protection of population groups in the most serious material situation to shield them from the effects of the crisis.

These goals should be carried out alongside the restoration of overall economic balance within the economy.

3. The goals mentioned in point 2 above should be translated into concrete form in programs to resolve the problems of food, housing construction, the war on inflation, and the savings program.

4. Within the framework of long-range development of the nutrition program the following tasks should be carried out by 1985 in the realm of agriculture and the food complex:

- 1) by 1985 increase the general level of production of the means of production for agriculture and the food economy by at least 20 percent above the 1982 level,
- 2) insure in 1985 a mean level of fertilizer consumption calculated in pure component of 205 kilograms per hectare of farmland, which is 14.5 percent higher than in 1982,
- 3) insure in 1985 the consumption of pesticides of about 1 kilogram active agent per hectare farmland, which is 14 percent higher than in 1982,
- 4) insure in 1983-1985 the reclamation of about 400,000 hectares of farmland, that is, 58,000 hectares per year on the average more than in 1981 and 1982,
- 5) increase the share of the food complex including agriculture, the food industry, industries producing the means of production for agriculture and other activity essential to the proper functioning of agriculture, to 30 percent of total investment outlays in the national economy in 1985; it is estimated that in 1985 investment outlays in the private economy within this framework will amount to 100 billion zlotys,

6) provide for the supply of 175,000 tractors to agriculture between 1983 and 1985,

7) provide for noticeable improvement in agriculture's supply of spare parts, batteries, tires, and farm implements.

5. The system of prices and fees should provide for ongoing lasting profitability of agriculture and the food economy.

6. As the result of the completion of the tasks mentioned in point 4, the following level of execution of the long-range goals of the food program should be achieved by 1985:

1) an increase in the level of grain procurement in 1985 to at least 50 million tons, that is, by 37 percent over the 1982 level,

2) the maintenance of past standards for the supply of meat and meat products to the year 1985,

3) improved supply of food to the population, especially the supply of milk and dairy products, and fruits and vegetables,

4) improvement of the balance of trade in food and agricultural products in foreign trade with countries in payments area II; it is projected that the balance in this area should not be more than 40 billion zlotys in the red by 1985, compared to 60 billion in 1982.

7. In carrying out the long-range program for the development of housing construction, provision should be made to meet the following targets by 1985:

1) increase private construction's share to about 35 percent of all housing construction in the country, compared to 30 percent in 1982, so that the dimensions of this construction can increase from 55,900 apartments to 70,000 by 1985,

2) increase municipal construction's share to about 2 percent of socialized housing construction in 1985, compared to 0.5 percent in 1982,

3) develop private construction in land development in areas which do not require full development,

4) provide for about 400,000 plots in 1983-1985 for private construction, including that carried out by employers,

5) out of total investment outlays in the country, increase the share of comprehensive housing including outlays for housing construction, the municipal infrastructure, the social and neighborhood infrastructure, and industries producing typical materials for construction to 30 percent overall; it is estimated that within the framework of this, investment outlays for housing construction by the population in 1985 will exceed

120 billion zlotys. About 80 percent of the outlays for the housing complex will be allocated for housing construction, and the remaining 20 percent for the development of the municipal economy, including land development for housing construction and the development of the housing industry,

6) by 1985 reduce the mean cost of construction per square meter housing utility space by 5-10 percent,

7) expand the funds for capital repairs and modernization of buildings in old housing resources to 37 billion zlotys in 1985, that is, by 37 percent compared to 1982, and this includes stepping up operations for the renewal of these resources in historic and monumental urban groups.

To step up housing construction, the aid of places of employment should be enlisted in the development of plant multifamily and private housing construction, especially through the participation of local work crews contributing to the construction, especially young people.

8. The execution of the tasks discussed in point 6 should provide by 1985 for attaining the following extent of satisfaction of housing needs:

1) increase the number of dwelling units turned over for use from 185,000 in 1982 to 185,000-210,000 in 1985; this means from 1983 to 1985 building about 530,000-590,000 dwellings; there should be an effort to exceed these figures as costs per square meter are reduced and construction is made more effective,

2) reduce density per room to 1.06 persons,

3) improve the dwelling standard in old housing.

Housing policy in 1983-1985 should provide for respecting, in the course of execution, the principle that one family may have no more than one dwelling.

9. In order to deal with inflation and restore market balance, the following measures are planned:

1) in 1983-1985, to increase deliveries of market goods and services by 24 percent in terms of fixed prices,

2) to exploit possibilities of setting up production to meet market needs in plants with a different production profile,

3) to increase the utilization of production possibilities for third shifts and progress in utilizing equipment,

4) multilateral efforts in the realm of thrifty use of raw materials for market production alongside improved product quality,

5) activation of the population's production activity in the form of the cultivation of allotment gardens and small-scale livestock raising,

6) activation of all forms of small manufacturing, including through the development of state local industry.

10. The accomplishment of the tasks discussed in point 9 should be accompanied by efforts on behalf of the adaptation of demand to the real possibilities of supplying the market with goods and services by the following measures:

1) limiting the increase in the population's nominal income to 45-50 percent during the 3 years,

2) obtaining about 145 billion zlotys in savings in budget-financed outlays during the 3 years,

3) intensive commitment of buying power through an increase in the population's savings on deposit,

4) active use of the instruments of financial and credit policy to activate all forms of savings and the promotion of more rational spending patterns,

5) implementation of necessary price increase averaging 11-13 percent per year in 1983-1985,

6) improved system of taxes and fees collected from the population to make the system promote effective work on the part both of the millions of Poles employed in the socialized economy and those working on private farms, in the handicrafts and services, and in the creative communities; at the same time the system should reflect a sense of social responsibility and distribute the costs of getting out of the crisis to reflect better the possibilities of the various social groups.

11. The Sejm is charging the Council of Ministers to take action to implement the following programs: programs to counteract inflation and to promote thrift, the attainment of which are conditions to reaching the goals and targets of the three-year plan being undertaken in this law.

12. The balance sheet of population income and expenditures worked out in the assumption that antiinflationary measures will be carried out provides for nominal cash income of the population in 1985 to be on a level of 5.1 trillion zlotys, which means an increase of about 49 percent above the 1982 level. This is the consequence of the execution of the previous obligations in relation to certain social groups, that is, the implementation of the law: Teachers' charter, wage increase in the health service, the cash social benefits increase anticipated for 1985, the revaluation of the savings accounts of the population, and others. Any increase in remuneration in the production sphere will be possible only if the projected production increase is achieved along with a rise in labor producti-

vity and a drop in costs. Unless this condition is met, it will not be possible to increase wages in the plants. The Council of Ministers will establish mechanisms to insure that this principle is observed to the letter.

The population's cash income will be compensated by

- 1) an increase in the direct sizes of deliveries of goods for the population to about 31 trillion zlotys in 1982 prices,
- 2) a rise in the volume of services to the population to about 400 billion zlotys in 1985,
- 3) noncommodity expenditures, such as taxes and fees and repayment of credit, which is estimated at about 300 billion zlotys in 1985,
- 4) an increase in the population's cash resources amounting to 300 billion zlotys in 1985.

The rest of the population's income must be balanced by increasing retail prices of goods and services. The scale of this increase will depend on the results of the implementation of the programs to produce and promote greater savings and to combat inflation. This will make it possible to balance population income and expenditures overall by 1985. This will be a step forward towards balancing supply and demand on the domestic market.

13. As the result of implementation of the inflation program, we should succeed in slowing the decline in real earnings and even achieve some movement on the upward side, if the execution of the plan goes well.

B. Conditions for Carrying Out the Goals of the Plan, and Forecast of Economic Results

14. The Sejm considers the meeting of the social goals discussed in Points 2 and 3 basically to depend on growth of national income produced in the country.

It is estimated that created national income in 1983-1985 can increase altogether by 10-12 percent in relation to the 1982 level, which means an annual average of 3.3-3.8 percent.

15. The main condition to accomplishing this task is a rise in material production along with improved management efficiency expressed in lower costs and improved ratios between the size of production sold and that of net production, that is, the share which can be allocated to improve wages and increase consumption and investments.

16. The following are considered to be the major tasks for upgrading management efficiency:

1) achievement of a decline in the materials-consumption rate in industry on a scale of from 1.9 to 2.2 percent per year, compared to 0.7 percent in 1980-1982, along with a decline in the energy-consumption rate in industrial production averaging from 2.5 to 3 percent per year,

2) increase in social labor productivity in the realm of material production (calculated in terms of net production per employee) amounting to 4.1 percent per year on average, including a labor productivity increase in industry corresponding to 6.4 percent.

17. The Council of Ministers will determine for the various sectors of the economy the standards of measurement to be used for improving management efficiency, and the structure of them will be adopted as one of the major criteria for calculating progress in carrying out the plan in coming years.

18. In 1983-1985 changes will be initiated in the structure of industrial production and management. The following directions for these changes are being accepted:

1) an orientation towards export growth, considered particularly important as a task in the realm of structural transformations,

2) development of production of the means of production for agriculture in order to make the food economy as independent of imports as possible,

3) development of those sorts of farm production which are based on domestic raw materials and fodder,

4) reducing the excessive dependence on imports from countries in payments area II,

5) concentration of resources within the framework of the raw materials sphere to those mines whose deposits are adequate and which provide natural conditions favorable for increasing their extraction (hard coal, copper, silver, sulfur),

6) increasing the production of consumer goods, particularly those manufactured from domestic raw materials, and simultaneously upgrading their quality,

7) utilizing the possibilities implied by Poland's geographical-transport location through the development of transit and tourist services,

8) development of those directions of production which in the future could become Polish technical and export specialities or could ease delays in our production in terms of the technological level.

19. The structural changes to production in 1983-1985 should be expressed in

1) an increase in deliveries of goods and services to the consumer market of 1.4 percent in fixed prices for each percentage point gain in total industrial production,

2) an increase in exports of 1.2-1.3 percent in fixed prices for each percentage point gain in total industrial production,

3) increases in deliveries of the means of production for agriculture of the following amounts over the 1982 levels: 23-percent increase in nitrogen fertilizers, 5-percent increase in phosphorous fertilizers, 39-percent increase in machinery and implements, and 14-percent increase in fungicides and pesticides,

4) an increase in socialized small manufacturing's share in deliveries of goods to supply the consumer market from 7.1 percent in 1982 to 7.9 percent in 1985, and a similar increase for handicrafts and trades from 2.5 percent to 4.0 percent.

20. It is estimated that total industrial production will increase by from 14 to 16 percent by the year 1985 and may reach the following levels:

Description	1982	1985	<u>1985</u> 1982=100
Total sold production of industry in billions of zlotys	5,575	7,500-7,630	114.0-116.0
Fuel and energy industry	1,002	1,080	107.8
Metallurgy	525	610	116.1
Electric machine industry	1,558	1,900	122.0
Chemical industry	545	660	121.2
Minerals industry	246	270	109.8
Timber and paper industry	283	340	120.3
Light industry	623	707	113.5
Food industry	1,657	1,830	110.4

It is projected that the upper level of the sold production of industry can be obtained if the programs of savings and for combatting inflation are successfully implemented.

21. It is projected that in 1985 the following production will be achieved for certain basic raw and other materials:

Description	Unit of Measure	1985	1985
			1982=100
Hard coal	million tons	186-191	98.3-100.9
Lignite	million tons	53	141.0
Electric power	billion Kwh	131	111.4
Rolled goods	thousand tons	12,000	115.9
Copper	thousand tons	385	110.6
Two-axle wheeled tractors	thousands	66.5	125.5
Batteries for motor vehicles	thousands	2,200	133.7
Sulfur	thousand tons	5,000	101.6
Nitrogen fertilizers	thousand tons	1,595	123.0
Polyethylene	thousand tons	150	127.0

22. The major directions of action in industry should be the following:

- 1) develop the structure of production in the direction of meeting the needs of the consumer goods market, agriculture, and export,
- 2) make substantial improvements in the quality of goods,
- 3) save foreign-exchange funds by developing production to replace imports or reduce the demand for them,
- 4) where possible, withdraw from the production of goods with high materials- or energy-consumption levels,
- 5) improve the harmonious flow of production steps through the technological process from raw materials to final product,
- 6) develop branches and lines of production of goods which convey technical progress,
- 7) increase the level of processing and upgrading of goods designated for foreign consumers,
- 8) satisfy the demand for spare parts for machinery and equipment, even at the cost of final production, and expand the level of overhaul and repair of production assets,
- 9) increase the exploitation and management of local and waste raw materials.

23. The following major directions of action in the various sectors of industry are projected:

1) in the fuel and power industry, the basic task is recognized to be maximum effort to bring extraction as close as possible to 191 million tons of hard coal by 1985, along with preparations to provide conditions to develop that industry after the year 1985, a rise in total electric power produced from brown coal more rapid than the rise overall in electric power production, and the continuing construction of power plants which will determine the electric power supply after 1985, including the "Zarowiec" nuclear electric plant,

2) in the metallurgical industry, it is particularly important to bring about maximum expansion of production of coke and improved scarce items in the milled and rolled goods group, and also to bring about great savings in the basic conveyors of power and to step up extraction of copper ores and improvement of gains in all phases of copper ore processing,

3) in the electric machine industry, the basic task is recognized to be a fundamental change in the production structure in favor of the food economy, along with an increase in the share of goods supplied for the consumer market, differentiated development of the branches of industry, provision of a high rate of development for the electronics branches and commodity groups based on electronic subassemblies, an increase in the share of foreign turnovers and an improvement in the balance, combined with improved export effectiveness, a decline in energy- and materials-consumption levels, better production quality, the bolstering of coproduction relationships, and more effective utilization of modern technologies of manufacturing and more efficient use of production potential,

4) in the chemical industry, of key importance are the modernization of fertilizer plants, improved supply of raw materials for the chemical fertilizers industry, pesticides industry, pharmaceutical industry, chemical textiles industry, and rubber industry, as well as auxiliary agents for the textile industry, which is an essential factor in growth of chemical production for agriculture and light industry, through the insuring of priority in the supply of high-methane gas for the production of chemical fertilizers; the expansion of production of fuels for self-starting motors and the focusing of investments in these areas, which are a condition to the continuity and complementarity of production of basic chemical industry items after the year 1985,

5) in the minerals industry, there will be an increase in the production of building materials for private construction, and there will be activation of production of ceramic drainage pipes for reclamation projects, along with expansion of production of binding materials other than cement, materials such as lime and gypsum; there will be a decline in fuel consumption in the cement industry through technological changes; thermal insulation of walling materials will improve along with the use of local raw materials for construction and for industry,

6) in the timber and paper industry, market production will be stepped up, by 1985 deliveries of paper will be expanded for publishing needs; production of fiberboard and furniture should grow the most rapidly,

7) in light industry, the key task is considered to be expansion of the production of partly finished products (yarn, tanned skins) upon which are based the production of other branches of light industry, mainly through modernization of spinning mills and tanneries; the growth rate of production of cotton and woollen textiles and yarn and knit goods should be more rapid than average,

8) in the food industry, the main task is considered to be to reduce raw materials losses, to make better use of production waste and by-products, to improve plants' supply of necessary equipment for the storage, processing, and transport of milk, and also to expand the base for procurement and storage, especially for grain, potatoes and fruits and vegetables (fresh), along with cold-storage facilities; the production of eggs, milk, and dairy products will increase along with that of flour, meal, spaghetti and breadstuffs, plant fats and oils, including margarine; production will begin on various processed foodstuffs to ease meat shortages.

9) in small manufacturing, production will be expanded to meet the needs of the consumer market, especially through the use of waste- and secondary raw materials, which will be recycled; the forms of contract work will be expanded, especially in the small towns and settlements; jobs will be created for the handicapped through modernization and adaptation of existing installations and use of the Work Protection Fund (Fundusz Ochrony Pracy); an important direction in which the economic structure will be rebuilt should be intensive development of services, particularly those for the market, in conjunction with priority in the supply of materials; priority should be given in particular in the direction of services to agriculture, services related to repairs and residential construction, equipment repair services and repairs to goods used by the population, and those types of services which make family living conditions easier.

24. It is projected that by 1985 the sizes of production in the construction industry will increase overall by 12 percent over the 1982 figures. This increase should be achieved through better use of the contracting capacity and potential of construction enterprises and improvement in their management structure in the direction of better adaptation to the structure of construction needs stemming from the reduced scale and the changes in the directions of investment in the national economy. It is essential to expand the potential of engineering construction enterprises and to increase the role of enterprises of industrial and specialized construction in building the municipal infrastructure for housing construction, and also to make fuller use of unutilized production capacity of the house factories by engaging them in the production of scarce building materials.

A basic condition to obtaining successful results in the construction industry is to make its operation more efficient and also to reduce costs and improve construction work, particularly in housing construction. It is most urgent that the work be completed on updating the standards for materials consumption and other production factors.

25. The following agricultural production level is projected for 1983-1985:

Description	1982	1983	<u>1985</u> 1982=100
Gross agricultural production			
billions of zlotys			
Total production	1,663	1803-1813	108.5-109.1
Plant production	883	950-955	107.6-108.2
Livestock production	780	855-860	109.7-110.3

Efforts will be activated to

- 1) improve technical and commercial services to agriculture and the food economy,
- 2) make better use of the biological process factors in agriculture,
- 3) expand the scope of reclamation and upgrade the water supply; reclamation and the rural water supply should be the basic direction of investment in agriculture.

26. The expansion of crop production should be accomplished through

- 1) changing the structure of sowing, especially in the direction of increasing the share of grain; the area of the cultivation of grains should increase by more than 100,000 hectares between 1983 and 1985;
- 2) more productive management of all farmland,
- 3) improved productivity per hectare; it is projected that by 1985 grain yields will increase to 28 quintals per hectare and harvests to 23 million tons, which means an increase of approximately 18 percent in relation to the average for 1980-1982,
- 4) activation of production of high-protein leguminous crops for fodder and human-consumption purposes,
- 5) reduction of losses in harvesting, storage, processing, and transport,
- 6) activation of procurement, using modified contracting conditions to this end to relate procurement to the supply of the means of production; there will be broader use of the contract system for grain in conjunction with incentives for producers.

25. In livestock production there are plans to reduce the declines in the number of hogs and cattle and to insure further development of livestock-raising based on local fodder.

It is anticipated that the number of head of cattle will increase to 12.5 million head by 1985, which is an increase of about 5 percent over the 1982 levels. It is projected that by 1985 milk production will be 12 percent higher than in 1982, and procurement will be 13 percent higher. The consumption of milk and dairy products per capita should rise from 255 liters in 1982 to 268 liters in 1985. By 1985 partial rebuilding of live poultry production should be accomplished, reaching at least 320,000 tons by 1985, which is 21 percent higher than in 1982.

26. In the forest economy, the emphasis should be on protection and on upgrading the health levels of the forests and improving management.

The drive to combat pests will be continued on a broad scale, and there will be more widespread cutting to keep forests healthy and more management of timber from windstorms and drought areas.

Planned felling should be adapted to the requirements of rational forest management, which means using and obtaining mainly that timber which should be removed from the forest. It is projected that each year about 21 million cubic meters of large-size timber will be taken between 1983 and 1985, which is 4 percent less than in 1982.

It is projected that between 1983-1985 afforestation and reforestation will take place over 172,000 hectares, including 135,000 hectares of state forests.

Priming and mapping up in the forests will be systematically increased to exceed 560,000 hectares by 1985, including 500,000 hectares in the state forest enterprises.

27. It is projected that overall transport in the national economy using industrial-branch and public transport will reach 1.150 million tons, which is 11 percent more than in 1982.

In transport policy it is important to

- 1) insure that priority is given to transport using those vehicles with low unit costs and low fuel and energy consumption levels; this should be expressed in replacing, wherever possible and practical, motor transport with rail and inland navigation,

- 2) give priority to transport using electric traction on the railroads, reducing steam and diesel traction and motor transport; priority should also be given correspondingly to public transport at the cost of transport by industrial branches and dramatic sectors of the economy,

3) place particular emphasis on expanding the scope of repairs and making them more efficient, especially on rolling stock and motor vehicles, as well as road surfaces, along with modernizing and expanding technical facilities; the technical operating level of vehicles, especially rolling stock, should be improved to the point where the number of vehicles out of service will be reduced from about 50,000 in 1982 to about 30,000-35,000 in 1985,

4) accelerate the electrification of railroad lines, which should be the main direction of investment in the transport industry; it is projected that between 1983 and 1985 1,240 kilometers of route will have electricity installed, and as a result the total length of electrified routes at the end of 1985 should reach 8,650 kilometers;

5) provide for improvement in the supply of essential spare parts and raw and other materials.

There should be an upgrading of discipline, order, and adherence to the requirement of safety and good order in transportation, and improvements should be made in the management of work and the functioning of the transport services.

30. Between 1983 and 1985 there will be continued development of telecommunications, the technical base for radio and television, and postal services.

Priority will be given to the expansion of the interurban telephone system and local telephone system related to the development of housing construction. It is anticipated that the number of telephone subscribers will increase by about 250,000.

In the development of postal services, particular emphasis should be placed on provision for transportation of packages, for expansion of postal-telecommunications facilities, and for modernization of terminal offices.

31. Undertakings providing for the development and expansion of effective operations in the maritime economy are projected.

It is envisioned that the value of production of the complex encompassing sea transport, the shipbuilding industry, and deep-sea fishing will reach 222 billion zlotys in 1985, which amounts to an 11-percent increase over 1982. Provisions should be made to reduce state budget subsidies for the maritime economy.

It is projected that given hampered access to highly productive fishing grounds and the related rise in fishing costs, fishing will hit a level of 580,000 tons per year, which means that it will remain at the 1982 level.

The maritime fleet's total transport in 1985 is estimated at 33 million tons, approximately the same level as that reached in 1982. Priority should be given to carrying our own foreign trade cargo. There are plans to expand the share of repairs made in domestic shipyards as a proportion of total repairs to our fleet and to increase deliveries of ships for Polish companies from domestic shipyards.

It is projected that transshipping in seaports will be on a level of 46 million tons in 1985, and within this, transit turnovers should reach 9.6 million tons, or about 10 percent more than in 1982.

17. It is envisioned that domestic trade turnovers in constant prices will increase overall by 19-22 percent between 1983 and 1985. The major effort in commercial activity should be directed to improving operations, and, in particular, to attempts to improve the system of service and to overcome possibilities for black market speculation and for abuses.

It is anticipated that food deliveries will increase by about 9 percent by 1985 in relation to 1982. By 1985 the deliveries of basic foodstuffs, including milk, dairy products, grain products, sugar, and vegetable fats should be higher than in 1982.

It is anticipated that deliveries of items other than foodstuffs should increase by about 28 percent by 1985 in relation to 1982. Improvements are projected in the supply of leather and man-made footwear (an increase of 11 percent). The situation will be most difficult in the supply of rubber and rubber-fabric footwear and of knitwear and textile yardage. It is estimated that deliveries of knitwear goods will increase by about 28 percent and those of hosiery by 24 percent. Improvement is planned in the supply of certain particularly scarce goods of the electric machine industry to the consumer market, items such as enamel cookware, aluminum cookware, automatic washing machines, household refrigerators and freezers, and sewing machines. It is estimated that furniture deliveries in 1985 will be more than 11 percent higher than 1982 by 1985.

The GDR is calling on the workforce of factories to utilize all sorts of unoccupied reserves to spur added market production and to increase deliveries to levels above those called for in the plan.

VI. In the foreign trade area, it is anticipated that the following directions will be the major ones between 1983 and 1985:

1) expansion of Poland's share in the international division of labor, mainly through the development of trade and coproduction with socialist countries, especially the Soviet Union, and reduction thereby of the extent of our dependence on deliveries of raw and other materials and technology from the capitalist countries;

2) increase in exports and the gaining of income therefrom on a scale making it possible to finance essential imports and to cover foreign debt service;

3) provision of imports of raw and other materials making it possible to make greater use of the national economy's manufacturing capacity and to increase production.

IV. The following level of foreign trade turnovers is projected:

Description	1982	1985	1985	
			1982=100	
billions of zlotys			current prices	fixed prices
Total exports	947	1,250	131.9	117.5
Total imports FOB	862	1,120	130.0	111.9
Balance	+85	+130	X	X

The basic task of foreign trade in 1983-1985 is to increase exports. An increase in the share of created national income devoted to exports is envisioned, from 22.2 percent in 1982 to 23.4 percent in 1985.

It is anticipated that the share of country of I payments area as a percentage of exports will reach about 50 percent in 1985, compared to 40 percent in 1980, while the figure for imports will be about 58 percent, instead of 40 percent, as in 1980. The share of turnovers with the Socialist Union should increase to 35 percent of all foreign trade turnovers in 1985, compared to 34 percent in 1982 and 24 percent in 1980.

At the same time, we should create a basis for Poland's foreign trade orientation in the long run in trading with the socialist countries after the year 1985.

Efforts should be made to expand trade with the developing countries.

35. The following level of turnovers with countries included in payments area I is anticipated:

Description	1982	1985	<u>1985</u> <u>1982=100</u>
b i l l i o n s o f z l o t y s			
Exports (current prices)			
Total	462.4	584.6	126.4
Goods of electric machine industry	275.9	373.0	135.2
Imports (current prices)			
Total	501.6	645.2	128.6
Goods of electric machine industry	168.8	230.0	136.2

Particular emphasis will be placed on the development of goods of the electric machine industry which have a high technical and quality level and good utilization parameters adapted to the needs of CEMA countries and on the development of industrial coproduction through the initiative of new bilateral and multilateral programs in this realm to take into consideration the needs of all countries.

36. The following level of turnovers with countries in payments area II is envisioned:

Description	1982	1985	<u>1985</u> 1982=100
b i l l i o n s o f z l o t y s			
Exports (current prices)			
Total	485.0	665.0	137.1
Goods of electric machine industry	138.7	205.0	147.8
Imports (current prices)			
Total	360.4	475.0	131.8
Goods of electric machine industry	63.7	70.5	110.7

It is envisioned that between 1983 and 1985 imports of capital goods from countries in payments area II will remain at the level achieved in 1982. The increase in electric-machine industry imports will be allocated largely for imports of spare parts for machinery in use. The greatest possible part of import growth will be designated to import raw and other materials for industry.

C. Targets for Distribution of National Income and Assumptions of Socio-Economic Policy

37. It is estimated that national income for distribution will rise in 1985 by 8.5-10 percent in relation to 1982.

Unless additional national income growth is achieved above and beyond the level currently being set, the consumption and investment levels established in this law cannot be exceeded. This is the basic condition to bolstering the country's overall economic equilibrium.

38. It is adopted as a principle that in distributing national income, consumption will be protected. To this end, it is projected that by 1985 gross investments in the national economy will be maintained at a level only about 5 percent higher than in 1982, alongside an overall consumption growth rate nearly twice as great.

39. It is determined that the private consumption fund will increase over the course of 3 years by about 9-11 percent in constant prices in relation to 1982, which means a per capita increase of about 6-8 percent and an increase in collective consumption of about 8 percent by 1985 in relation to 1982.

40. The following order of priorities is established for determining budget-financed expenditures in the realm of social benefits and services: public health and social welfare, education and development, culture and art, other areas.

41. Considered most important in the realm of public health are improvement of the material base for medical treatment and upgrading basic medical care in the region. The number of hospital beds is projected to increase by 17,800 by 1985. This is 9 percent in relation to the 1982 figure. Per 10,000 population this means an increase from 56.2 beds in 1982 to 59.7 beds in 1985. An increase of about 8 percent in the number of places in nurseries and of about 15 percent in the number of social welfare homes is projected. Wasteful use of medications should be more forcefully combatted. Deliveries of medical equipment and apparatus should increase by 1985 by about 80 percent in relation to 1982.

42. In the realm of education and development, the basic task is considered to be provision for places in the schools for youngsters aged 7-14 years, the number of which will increase by more than 8 percent by the year 1985. Some 250 new school buildings should be completed for the needs of education, and the project of taking back and converting buildings used for other purposes should continue. The number of teachers will increase.

It is anticipated that preschool education by 1985 will enroll about 53 percent of the children between 3 and 6 years of age. All children 7 years of age will attend preschool, and the number will exceed 27,000.

Efforts should be stepped up to adapt the structure of education and training better to the needs of the economy, education, and culture, particularly at the college level, and to make instruction more efficient.

43. The task considered basic in the realm of culture and art is to increase book production to 227 million copies by 1985, that is, by 30 percent in relation to the 1982 figure. This is related to the need to modernize the printing facilities. The number of books published per capita should rise from 4.8 in 1982 to 6.1 in 1985.

44. Active efforts are projected to popularize physical education. In the realm of tourism the development of domestic tourism for everyone and foreign excursion tourism into our country are considered basic.

45. Efforts should be aimed at making the most thrifty possible use of the funds expended in the budgetary sphere, at reducing unit investment costs in the realm of social consumption, especially hospital and school construction, at improving the operation of facilities in this sphere, especially public health and social welfare facilities, at making the flow of funds to these facilities dependent on the level of services rendered and more rational use of the available personnel and material base, and, especially, at reducing the level of employment of clerical and administrative staff.

46. It is projected that between 1983 and 1985 cash social benefits will increase by 40 percent in relation to 1982. The increase will largely concern retirement pay and pensions. It is estimated that pension and annuity payments will increase by more than 51 percent, as a consequence of the rise in the mean levels of pensions and retirement pay of more than 34 percent and as the result of an increase in the number of retired persons and pensioners.

It is projected that benefit payments for upbringing will increase by more than 55 percent.

Priority in family benefits is planned to go to increase the benefits for those social groups economically worse off.

47. Efforts aimed at shifting labor resources from one section or branch of the economy to another are projected to continue.

A decline of 60,000 persons is projected to occur in employment in the socialized economy in comparison to 1982. In particular there should be a decline in employment in industry and construction (amounting to 210,000 persons) alongside an increase in employment in the fuel and power industry (about 25,000 persons), chemical industry (about 9,000 persons), and light industry (about 10,000 persons). At the same time employment is projected to increase in public health and social welfare, transportation and communication, education and development, forestry, and the municipal economy.

It is estimated that employment in private services and crafts, including agencies, commission-jobs, and piecework will increase overall by 180,000 persons. In budget-financed plants and units, subsidized social organizations, and other units financed out of the state budget, other than public health, social welfare, education and upbringing, culture, insurance, and tax service sectors, it is projected that the level of employment will remain no higher before 1985 than that established for 1983.

It is projected that certain directions of training will be appropriately restructured to permit the employment of some college graduates to become teachers in the school system.

48. Conditions should be created to improve the level of occupational safety and health. The number of persons employed under dangerous conditions related to the work environment, presently estimated at about 2.2 million, should decline by 1985 by at least 5-10 percent. Improvement is foreseen in the supply of occupational safety and health products with which workers are equipped.

49. It is estimated that the overall size of investments in the national economy will total 3.085 billion zlotys between 1983 and 1985, including 1.07 billion in 1985, which means an increase of 5 percent in relation to the year 1982.

A policy favoring the activation of investments financed out of the population's means and out of the enterprises' own funds should be employed.

It is anticipated that outlays for the investments of enterprises will approximate 1.03 trillion zlotys in 1983-1985, excluding cooperative residential construction.

It is estimated that population expenditures for investments will increase by about 5 percent by the year 1985 in relation to 1982. Appropriate conditions are to be provided for obtaining supplies, in order to spur the development of production-oriented construction on private farms and of private housing construction for the rural and urban population.

50. Investment activity should be directed mainly to the completion of investments already under way. Priority should be assured to execute those particularly effective reproduction and modernization investments which take a short time to complete and which provide for production to meet export and consumer market needs and for better consumption of raw and other materials.

The Council of Ministers will recheck on the investments which have been suspended and will decide on the way the various building sites are to be used or eliminated.

The Council of Ministers will use restricted funds to limit the commencement of new investments being financed wholly or in part by the state budget. The principle is established that up to the year 1985 the construction of new hospital facilities may be undertaken as hospital construction projects are completed in a given voivodship. Discipline should be increased in terms of keeping to investment cycles, and measures should be invoked to slow the growth rate of the cost-estimate value of investments in the course of implementation, [cost over-runs].

51. The following goals are adopted as target of state regional policy in 1983-1985:

- 1) improvement in the operation of the existing regional structures with the greatest concentration of production capacity, that is, urban complexes and regions of mining and mining-processing industry,
- 2) rebalance of the development of the social and technical infrastructure and of the investments in the various localities to make them more even from one to another, with particular consideration given to improving the utilitarian facilities with which residential areas are equipped,
- 3) development of those regional development ratios to insure that the population's standard of living is gradually equalized and local and regional conditions of development are considered, especially in those areas which have previously been underdeveloped.

52. In order to achieve the goals mentioned in point 51:

- 1) The Council of Ministers will limit the handing down of decisions on location assignments in the Gdansk, Krakow, Lodz, Warsaw, and Katowice centers for new investments or the expansion of existing plants where the project will bring about a population growth of more than 200 persons; this restriction should not apply to industrial investments related to exploitation of a raw materials base or the construction or expansion of plants which are particularly

vital to the national economy or are related to directly meeting the needs of the local population, if the central unit of the state administration designated to handle questions of environmental protection agrees to the location of these investments,

2) the voivodship and town people's councils and the local bodies of the national administration will be called on to check the overall plans of the towns; this monitoring should lead to reducing the area development of towns and reduce the land designated for industrial-storage purposes; in towns situated on good soil, location decisions on new industrial investments not related to serving the local population or agriculture should be restricted; in towns first of all land should be used within the range of the water-supply system, sewer system, and heating system, and in towns in which the reserves of developed land have been exhausted, the people's councils at all levels will be asked to focus operations in the development of engineering work and land development for housing construction in those areas closest to the center of towns,

3) the intensification of efforts to activate small towns with populations of under 15,000 is recommended,

4) the Council of Ministers will apply economic priorities to the location of new plants in the northern and northeastern parts of the country, with the exception of large urban areas and the coastal zone.

53. The following basic goals of state policy in the realm of environmental protection are adopted for 1983-1985:

1) prevent the dispersion of pollution and devastation to regions whose natural environment is in relatively good condition,

2) protect regions with the greatest natural value,

3) slow the destruction of the natural environment in ecologically threatened areas.

The Council of Ministers will insure that special protective measures are employed in ecologically threatened areas, by prohibiting the construction or expansion of plants harmful to the environment in these areas, and with regard to the Upper Silesia, Rybnik, Gdansk, and Krakow economically threatened areas, it will also require that comprehensive long-range programs be drawn up to slow the damage to the environment and gradually upgrade it.

Funds allocated to impede the most serious manifestations of environmental harm should be increased in these areas.

54. The voivodship people's council should increase the share of expenditures going for environmental protection in the total investment outlays at their disposal. This share should increase to at least 7 percent of all outlays for investments made by local officials in 1985, compared to 5.1 percent in 1982.

There should be activation of nonvestment activity of local bodies to improve the condition of the natural environment, especially through supervision to see that regulations in this realm are followed, particularly with regard to proper utilization of equipment designed to protect the environment, expansion and improvement of pollution control and monitoring equipment, implementation of broad drives to plant trees along waste-water canals and midfield roads, construction of small water cisterns, and so on.

55. It is estimated that the total outlays for environmental protection in 1983-1985 will be about 81 billion zlotys, including 30.7 billion in 1985, which means 48 percent more than in 1982. In 1985 they should represent 2.9 percent of total investment outlays in the country, compared to 2 percent in 1982.

56. It is estimated that total outlays for research and development in 1983-1985 will reach 235 billion zlotys, which is 30 percent more than in 1982. This will represent 1.8 percent of national income for distribution, compared to 1.5 percent in 1982. Within this framework, expenditures from the technical-economic progress fund may reach 140 billion zlotys.

57. In shaping scientific and technical policy, the Council of Ministers should be guided by the following principles:

- 1) direct linking of research and development projects to the national socioeconomic plan,
- 2) attempt to make the operations of the scientific facilities fruitful by gearing their work towards the creation of production specialization and the maintaining of a competitive technical level in this area,
- 3) build links between the scientific research agencies and industry, and help see that the greatest practical use is made of the results of their work,
- 4) expand the inventiveness and good ideas for improvements and make maximum use of such initiative to carry out the goals specified in the national socioeconomic plan,
- 5) continue research on those subjects essential to the development of science in relation to the needs of the future development of industry and society.

58. The following major directions are considered as being of prime importance and deserve to have the activity of the scientific-research support units focused on them:

1) nutrition, especially making better use of the factors of biological progress, in particular, the introduction of new varieties of grain and other crops, the development of the production of pesticides, and improved storage technology and organization,

2) housing construction, public health, protection of the natural environment, and, in particular, the development of production of building materials with better insulation and design properties, the development of energy-saving technologies and construction designs, new designs for single-family construction, and the expanded production of drugs and pharmaceutical products,

3) saving raw and other materials, fuel and power, and, in particular, development of high-compression engine production, systems to automatize the delivery of heat (regulators), new energy-saving technologies and designs for furnaces, and boilers, introduction of efficient, thrifty boiler furnaces into production, production of new corrosion-resistant steel and new high-quality metallurgical goods which make thrifty use of materials, intermediate and small plastics, and auxiliary agents and chemical catalysts.

The Council of Ministers will see that the subject of scientific-research facilities is adapted to support and bring about structural changes in the economy along with the simultaneous concentration of means and power in the above-mentioned directions.

59. Effort should be focused on speeding up the rate at which technical-economic progress and advancements are implemented, on improving the effectiveness of research and development, on implementing licenses previously not used in production, and on increasing the effectiveness of their utilization.

60. In keeping with the assumptions of the monetary-credit policy, the credit plan in 1985 should be balanced.

It is estimated that the level of the socialized firms' debt will increase by about 1.1 trillion zlotys over 1982 by 1985. This will be reducing the share of credit in financing the socialized firms' needs from 57 percent in 1982 to 47 percent in 1985.

It is estimated that the debt level of the nonsocialized economy from credit, especially that of private firms, will increase by about 80 billion zlotys between 1983 and 1985, and that the level of household indebtedness, mainly credit for private housing construction, by about 106 billion.

It is estimated that overall the funds in economic organizations' accounts will increase by about 450 billion zlotys in 1983-1985.

It is projected that the increase in the minting of money in 1985 can be no more than about 150 billion zlotys. This will account for about 3 percent of the population's income in 1985, compared to about 5 percent in 1982.

61. It is envisioned that the income of the state's financial system may exceed 4.3 trillion zlotys in 1985, increasing by about 34 percent in comparison to 1982.

It is estimated that income from domestic sources will increase overall (by about 40 percent), including a 47-percent increase coming from the socialized economy in 1983-1985, compared to 1982.

About 30 percent of the rise in this income will consist of an increase in state income resulting from surcharges levied on earnings: a tax on wages and contributions to social security.

It is estimated that about 900 million, or 64 percent, of the 1.4 trillion zlotys of enterprise profits in 1985 will be taken by the budget. This means that along with other resources, the enterprises will have access to more than a trillion zlotys in 1985.

It is estimated that the state's financing system income coming from the population may increase by about 65 percent in 1983-1985, and this includes income from nonagricultural nonsocialized economy contributions in the form of income and turnover taxes, which will increase by 71 percent.

It is estimated that total outlays of the state financing system will increase in current prices to 4.3 trillion zlotys by 1985, or 32 percent in relation to 1982.

Most of the increase applies to expenditures to finance ongoing needs. It is anticipated that by 1985 these expenditures will exceed the 1982 level by 55 percent.

It is projected that the financial system's burden of cash benefit expenditures will increase. The share of the system's total outlays going for these expenditures will increase from 19.2 percent in 1982 to 20.6 percent in 1985.

It is anticipated that the total level of stock of raw and other materials and finished goods will increase in 1983-1985 by about 60-70 percent, because of an increase in their direct sizes, and by 30-40 percent as the result of an increase in nominal value resulting from higher prices. This will mean acceleration of the building up of real reserves and should favor the restoration of market equilibrium.

The state's financial balance should be made level by 1985, except that it does not include financial reserves. Taking into account the present tensions and threats to state financial balance in 1985, the Sejm has charged the Council of Ministers with acting to create essential financial reserves by consistently carrying out the programs to combat inflation and create savings.

Chapter 2. Provisions of the Plan.

1. The maximum level of outlays for centrally determined investments overall in 1983-1985 is set at 624 billion zlotys in 1982 prices. This includes 212 billion zlotys in 1985, or 9 percent more than in 1982.

It is projected that these investments will account for 19.8 percent of all investment in the national economy in 1985.

Within the framework of this total:

1) central investments specifically named will total 449 billion zlotys in 1983-1985, with 157 billion of this in 1985, which is 40 percent more than in 1982, but their share of total investments in the national economy will amount to 14.7 percent;

2) the investments of budget-financed units and establishments and of the institutions of higher education will total 175 billion zlotys in 1983-1985, including 55 billion zlotys in 1985, which is 6 percent more than in 1982.

2. Above and beyond the amounts specified in Point 1, investments may be carried out under the auspices of agreements with CEMA member governments or other foreign partners for cooperation in carrying out joint investments in Poland up to the amount of the value equivalent of the partner's investment contribution.

3. In 1983-1985 the Polish People's Republic will take part in the construction of the following joint investments of the CEMA countries being carried on outside Poland:

1) Chmielnik Atomic Electric Plant in the USSR,

2) 750-kilovolt electric power transmission line from the Chmielnik Atomic Electric Plant between the national border and Rzeszow,

3) petroleum and gas industry installations in the USSR,

4) fodder yeast plant in Mozyr in the USSR.

4. Appendix 1 to this law gives an itemized list of the central investments which are allowed to be completed in 1983-1985. The total number of centralized investments listed by name and carried out will decline from 79 in 1982 to 62 in 1985.

5. Provided it does not cause the amounts given in Point 1, subpoint 1 to be exceeded, the Council of Ministers, may decide in the annual central plan for 1985 to resume implementation or bring into the plan additional investments listed in Appendix 2 to this law.

6. Within the framework of the investment outlays of the budget-financed establishments and units and the institutions of higher education, the following allocations are made for centrally determined investments:

Description	1983-1985 total in billions	1985 only of zlotys
Health and social welfare	29,900	9,000
Education, formation, higher education, science	12,850	3,400
Culture and art	1,770	480
Radio and television	1,940	560
Physical education, sports, and tourism	780	270

7. It is estimated that in 1983-1985 outlays for the investments of local bodies may total 410 billion zlotys, including 143 billion in 1985, which is 14 percent more than in 1982. These investments will represent 13.4 percent of the total investment in the country by 1985, compared to 12.3 percent in 1982.

8. More than 87 billion zlotys out of budgetary funds will be allocated to finance science, including 29 billion in 1985. Under the auspices of this financing, a total of 24.3 billion zlotys is being allocated altogether provisionally for 1983-1985 to finance government research and development programs, including 8.6 billion zlotys for 1985. This is about 22 percent more than in 1982. It is estimated that outlays for various government research and development programs will be as follows:

Name of Program	1983-1985 billions of zlotys	1985 1982 = 100
PR-1 Comprehensive coal processing	1.7	107.1
PR-2 Optimal use of resources and development of production of copper & alloys	2.0	127.3
PR-3 Development of materials and subassemblies for the needs of electronics	4.3	113.6

PR-4	Optimization of protein production and consumption	3.4	112.0
PR-5	Comprehensive development of housing construction	2.6	112.5
PR-6	Fight against cancer	1.8	113.0
PR-7	Structuring and use of water resources	1.7	117.6
PR-8	Comprehensive power industry development	6.8	138.9

The Council of Ministers is authorized to adapt the level of expenditures described in the point above to actual needs within the framework of the total amount of expenditures provided by the budget, as specified in this law.

9. The following maximum level of foreign debt at the end of 1985 is set:

- 1) in the socialist countries' payments area (payments area I), about 500 billion zlotys,
- 2) in the capitalist countries' payment area (payments area II), about 2.7 trillion zlotys.

The level specified in subpoints 1 and 2 may be exceeded provided that the ratio of debt to value of exports in a given area, as results from the numerical sizes given above, is maintained.

10. The Council of Ministers is authorized to raise appropriately the upper debt limit in the socialist countries' payment area (payments area I), in the event the scope of cooperation with the socialist countries is expanded beyond the targets assumed during the drafting of the national socioeconomic plan and the obtaining thereby of additional credit.

11. The Council of Ministers is authorized to recalculate the allowable indebtedness, if there is a change in the zloty's foreign exchange rate from the rates used in drawing up the national socioeconomic plan.

12. It is projected that in 1985 the state budget should be balanced, but overall state budget income should increase in 1985 to 3.2 trillion zlotys, that is, by 35 percent in relation to 1982.

13. It is projected that overall state budget outlays in 1985 may reach 3.2 trillion zlotys, which means an increase of 30 percent in relation to 1982.

The maximum level of product subsidies in 1985 is set at 15 percent of that year's budget-financed outlays.

The Sejm charges the Council of Ministers with further reducing product subsidies.

14. It is projected that outlays for social and cultural activity will rise to 680 billion zlotys by 1985, which is 53 percent more than 1982. The breakdown will be as follows:

1) public health and social welfare	309 billion zlotys
2) general and vocational education & upbringing	243 billion zlotys
3) higher education	67 billion zlotys
4) culture and art	49 billion zlotys

15. The Council of Ministers, in keeping with the general points of this law, will establish separately the tasks for 1983-1985 related to the building of the country's security and defense preparedness.

Chapter 3. Means of Carrying out Socioeconomic Policy

1. The means for carrying out the state's economic policy in 1983-1985 should bolster efforts to carry out the targets and tasks specified in this law and provide for the following:

- 1) making the cash income of the economic units and population to depend directly on a rise in production and labor productivity and a decline in costs,
- 2) rational utilization of materials, reduction in the consumption of fuel, energy, and raw and other materials per unit production, and better use and management of domestic raw materials resources and of secondary and recycled raw materials,
- 3) rise in the production of goods designated for the domestic and export markets with a simultaneous improvement in quality,
- 4) activation of management and modernization undertakings in units of the socialized economy,
- 5) structuring of balance between money and the market.

2. The influence exerted by the Council of Ministers and other top bodies, as well as that of the central and local governmental bodies, in the direction of economic balance, structural changes, and developmental processes should appear through consistent application of the principles of the economic reform, largely through the use of the measures of financial and credit policy and the improvement of general standards and regulations regarding procedure as defined in these principles.

3. The basic direction of changes in applying economic-financing mechanisms [self-financing] should be to bolster their impact to bring about improved operating effectiveness in the enterprises.

4. Financial policy coupled with the credit policy of the banks should aim at creating a situation of tight money for enterprises. To this end influence will be exerted on enterprises in the form of an income tax and a turnover tax, a consistently applied category of justified costs in setting costs and prices, and of unjustified losses in setting the basis for levying the income tax. The subsidies for various areas of economic activity will be reduced.

5. The basic instrument in cash-credit policy should be the availability of credit, differentiated according to the financial situation of the credit customers. The policy should be followed whereby credit may be given only to those enterprises which have present and long-range future credit capability.

The banks should wage a policy favorable to structural changes in the economy consistent with the general directions specified in the national socioeconomic plan and should use preferential conditions promoting this policy in granting credit.

To accelerate structure changes, the following mechanisms should be employed:

1) economic mechanisms: facilitations and exemptions in the income tax for carrying out investments which produce savings in the consumption of energy, fuels, and raw and other materials, those which provide for profitable production growth to replace or limit imports, application of priorities and counterincentives in credit conditions, particularly with regard to the possibility of obtaining credit, as well as assurances and priority in the realm of deliveries of materials,

2) direct action: government orders and in justified instances instructions to reduce (including the cessation of) production of goods which are particularly inefficient consumers of materials and energy along with prohibitions on the consumption of materials distributed for the production of goods whose manufacture is considered to be unnecessary in 1983-1985.

6. It is projected that the treasury machinery will make broader use of the categories of unjustified costs in assessing proper operation and management in enterprises and in monitoring the financial results of the units of the socialized economy.

7. In 1983-1985 wage policy must be carried out according to the assumption of the closest possible relationship between the size of the payroll fund expended and the level of individual wages received, on the one hand, and the financial-production results achieved by the enterprise and the individual labor productivity achieved by the employees, on the other.

Efforts should be made to stabilize the principles of encumbering the State Vocational Activation Fund and to reduce the scope of application

of decisions of a preferential nature, those which bring about an increase in the amount of money on the market.

After 1983 there should be the successive introduction of reformed principles of remuneration. Its goal should be to tie individual salaries more closely to the effects of work, to simplify pay systems, and to bring order to vertical and horizontal wage structures, including ratios between minimum and maximum wages. A modified compensatory tax should serve to regulate income to a greater extent than in the past.

The plan is to upgrade the system of levying turnover and income taxes on the trades and crafts and on private trade and services. The turnover tax should be adapted to the solutions adopted in the socialized economy, and the income tax should take into account the rise in nominal income levels. Further development of the trades and crafts should continue to be supported by a system of investment benefits. Preferential forms of taxation should be applied to small plants, especially service establishments.

It is projected that firm taxation in all sectors will undergo basic reform through the introduction of an integrated agricultural tax. The treasury service should increase its supervision over private remunerative activity and increase sanctions for not paying taxes on such activity. The attainment of excessive income not justified by one's work should be effectively curtailed.

8. The policy of product subsidies should be directly linked to price policy. The granting of subsidies on certain goods or services can only be permitted in those instances where for social and economic reasons the price set cannot cover justified production costs. The rate of subsidies on products should be structured to force improved management effectiveness. To this end, beginning in 1984 the rate of product subsidies should be reduced.

9. The basic assumption of price policy should be to strive to reduce price increases to the absolute minimum, and there should be gradual solutions distributed over several stages to resolve the problems in this area. This should be expressed in hikes in prices of higher-grade goods alongside an effort to keep down the prices on standard items bought by those groups of the population with moderate or low earnings.

10. In the realm of providing incentives for exports and the rationalization of imports, there are plans to maintain previous incentive instruments alongside expansion of the scope of transaction prices, especially in clearings of accounts for exports. The system of foreign-exchange deductions should be improved to tie the level of the deductions to export effectiveness.

The source of financing imports to provide supplies for production in 1983-1985 should be foreign-exchange funds allocated for central imports

and foreign-exchange deductions on the books for the enterprises. Duty and tariffs should help promote better use of domestic raw materials.

11. Temporarily, until the year 1985, the Council of Ministers will insure that the commencement of investments financed with the aid of budget backing which have a cost estimate value exceeding 500 million zlotys has the individual approval of the appropriate bodies of the central government administration.

The Council of Ministers is authorized to introduce special priorities with preferential treatment for certain central investments in order to see that they are completed on time, for example, by using forms of government orders for deliveries of materials, equipment, and construction-installation services for these investments.

As of 31 December 1983 the value of fixed assets is to be reassessed. It is projected that part of the increase in depreciation resulting from the reassessment of the value of assets will be adopted by the budget, so that the funds accumulated at the central level can exert an impact on changes in the structure of the economy. Such funds transferred should be allocated in the first place to finance investments in the material production sphere. In justified instances, exemptions should be granted to the obligation of transferring the depreciation.

12. In the realm of scientific-technical progress, directions set down in the national socioeconomic plan should be implemented by using government orders for research and development projects with the introduction of elements of competition in applications to carry out certain research and development projects.

Government orders should be used for certain particularly important scientific and technical designs. There should be financing out of the research fund or the central funds for technical and economic progress.

It is planned that access to credit and preferential credit conditions will be insured for units providing scientific and technical support or enterprises carrying out particularly important scientific research and development projects. Also envisioned here is the possibility of using foreign-exchange deductions from exports of goods or scientific and technical achievement.

The Council of Ministers will take measures for the further improvement of the mechanism of initiating scientific research, development, and incultation projects, to guide them more effectively, to make better use of their results, and to make them more attractive to the enterprises.

13. It is planned that the scope of central distribution of raw and other materials will be gradually reduced. Efforts will be expanded to associate central distribution with a broader application of criteria of the

effectiveness of making use of raw and other materials and of fuel and energy. To a great extent supply should be structured on the basis of freely contracted agreements.

14. The financial independence of the people's councils should be increased through the introduction of multiyear budget planning and the expansion of their own sources of income by allocating 85 percent of the payroll tax to the local budgets and by other undertakings.

15. The Council of Ministers will present a draft of the necessary changes in the regulations in order to carry out the national socioeconomic plan, the deadline for this draft being 30 June 1983.

16. The Council of Ministers is authorized to determine the particular means for carrying out the national socioeconomic plan, taking into account the directions specified in points 1-15, and with setting the parameters of the self-financing system in the central annual plans.

Chapter 4. Information for Local Bodies, Enterprises and Other Units of the National Economy

1. It is estimated that in 1985 the deliveries of fuel, power, and raw and other materials for production needs will be 8-9 percent higher overall than in 1982.

2. It is anticipated that the supply of electric power will improve. In 1983-1985 there should be no reason to shut down electric power for production purposes. There will be improved supply of electric-power cables, motor vehicle batteries, tires for cars and trucks and for farm machinery, equipment, and tractors, soda ash and heavy ash, caustic soda, polyvinyl chloride, cement, fiberboard, particleboard, and paper. Despite this the national economy's needs for electric-power cables, batteries, and tires, especially truck tires, will still not be fully met.

There will be shortages in the supply of hard coal. Deliveries in 1985 are expected to be only 1-2 percent higher than in 1982.

3. The greatest raw materials shortages in 1983-1985 will concern high-methane and nitrogenated natural gas, fuel for gas engines, milled goods, steel pipe, drawn and peeled bar, zinc-coated sheet, silver, and timber. To ease the shortage of these raw and other materials, efforts should be made to bring about thrift in consumption and to replace them with other domestically available raw materials.

The most difficult situation will be faced in the supply of raw and other materials, partly-finished products, and other items imported from countries in payments area II. It is essential to eliminate unjustified imports and to replace them with materials produced in our country or imported from countries in payments area I.

4. In order to achieve the plan's projected savings of fuel, power, and raw and other materials, direct instruments of influence will be employed alongside economic instruments. These will include the following:

1) prohibition against installing new heating equipment fueled by natural gas, production or installation of inefficient furnaces, boilers, kilns or ovens burning hard coal, and the production of goods which use excessive amounts of energy or materials,

2) introduction of consumption standards, quality and operational requirements, and, especially, standards for the unit consumption of raw and other materials used in the manufacture of major mass-produced goods; fuel and energy consumption standards for the process of operating particular equipment,

3) introduction of general certification of new goods brought into production from the standpoint of energy and materials consumption,

4) in the criteria for granting hallmarks, the consideration of parameters concerning the goods' consumption of energy and materials in the production and exploitation spheres.

5. General conditions for foreign trade with capitalist countries in 1983-1985 may feature the following:

1) continuing difficulties in obtaining transaction credit and therefore the need to transact imports on a cash basis,

2) growing trend toward protectionism in connection with the economic recession in the capitalist countries,

3) further softening of export prices and more adverse ratio of prices on imports and exports in connection with the observed trend toward declining raw materials prices, which play an important role in Polish exports,

4) difficulties stemming from the economic restrictions imposed with regard to Poland.

Consistent with the principles of structuring prices in foreign trade among CEMA countries, in 1983-1985 the prices of raw and other materials will rise more rapidly than prices of finished goods.

It is estimated that the increase in prices on imports from countries of payments area I will average 6 percent per year in 1983-1985, including a 13-percent increase for crude oil. It is estimated that export prices will correspondingly increase by about 4 percent per year on average, with the price on hard coal increasing by 2 percent.

Forecasts of price increases on capitalist markets indicate the possibility of a total annual increase in import prices averaging 4 percent in 1983-1985. In exports to these countries the mean annual increase in prices is forecast at 4-5 percent.

6. It is projected that the increase in the level of producer prices in 1983-1985 will average from 5 to 10 percent per year. The increases will apply to producer prices on power, hard and soft coal, nonferrous metals, metallurgical raw materials, and metallurgical products. Further stages of commodity tariff increases will take place in rail and motor transport.

7. It is anticipated that the rationing system will be maintained to a limited extent on the domestic market in 1983-1985. The scope of rationing will be gradually curtailed. Rationing will be removed from those groups of scarce items (except meat) in which this action will not upset the market.

It is projected that within the framework of the general retail price increase planned on a scale discussed in chapter 1, point 10, prices will be increased on the following:

1) fuel, power, rents, certain means of production for agriculture; there will be further increases in transport fees in passenger interurban transport by rail and by buses of the State Motor Transport [PKS],

2) certain foodstuffs, adhering to the principle of limited retail price movement related to changes in producer prices in conjunction with the gradual departure from rationing (except for meat and meat products),

3) items meeting needs of a higher order, given the assumption that an increase in the prices on these groups of commodities should exceed the rate of increase in the population's national income.

8. It is estimated that in 1983-1985 the increase in labor resources will amount to about 100,000 persons. Alongside the basic labor resource growth factor, that is, young people coming of vocational age, the vocational activation of people who previously did not work and the reactivation of pensioners resuming employment will play an important role.

The greatest labor shortages in 1983-1985 will occur in the Warsaw, Lodz, Krakow, Gdansk, Szczecin, Katowice, and Poznan metropolitan areas, as well as in the Belchatow Industrial Region, Kielce, Olaszyn, Wroclaw, Czestochowa, Walbrzych, Rzeszow, Radom, Tarnow, Debica, and Bydgoszcz.

It is anticipated that the number of graduates from the basic vocational schools in 1985 will approximate 184,000, or 11 percent fewer than in 1982. Shortages of skilled workers will continue, especially in the traditional construction-group trades: bricklayers, plasterers, carpenters,

floorers, tinsmiths, roofers, and people in the metallurgical trades: smelters, stokers, and so on, people in the trades of the chemical, textile, and footwear groups, and people in trades related to railway service, as well as turners, hair-dressers, grinders, borers and cutters, welders, and toolmakers.

The number of college graduates (daytime studies) will total about 132,000 altogether in 1983-1985, including 42,000 in 1985. A shortage of college graduates in teaching fields is anticipated to occur in 1983-1985.

9. It is anticipated that the following original domestic designs stemming from discoveries of the greatest economic significance will be available for practical industrial use in 1983-1985:

- 1) new technology for production,
- 2) new materials which are more durable, especially steel which is highly resistant to corrosion,
- 3) new technology for manufacturing mold-resistant porous fiberboard and jointless production of water-resistant insulation for construction use,
- 4) new equipment for tire tread processing and for producing shaped wire,
- 5) new technology for producing modified asphalt and for monomer polymerization in timber,
- 6) new telecommunications equipment, especially fiberoptic cable and multiple telegraphy equipment,
- 7) new technology for producing chemicals and plastics, especially polycarbonates and electrolytic manganese dioxide.

10. Basic threats to the attainment of the goals of the national socio-economic plan may occur in the following instances:

1) worsening of trade conditions on capitalist markets, delays in negotiating the principles of Poland's repayment of credit from previous years, worse debt repayment conditions than those foreseen, decline in prices of goods exported to foreign markets and increased restrictions and protectionism in world trade,

2) conditions worse than those anticipated for agricultural production, crop failure of major proportions, and so on, which would have adverse consequences for the entire national economy over the next 2 years.

11. Exceeding the level and dynamic assumed in the plan in the realm of remuneration for jobs in the socialized economy would represent a grave threat to the state's financial equilibrium. This would mean that social-

ized enterprises would have a financial accumulation level lower than that envisioned and that therefore the income level of the financial system would be lower.

Therefore the basic condition for maintaining financial equilibrium in 1983-1985 is to insure investment discipline and discipline in the realm of wages paid.

12. The Council of Ministers are authorized to send the central government organizational units and bodies and the local bodies and enterprises more precise information than that contained in this chapter as necessary for their drafting of their own unit plans.

Chapter 5. Final Provisions

1. The Council of Ministers will set the particular national socioeconomic plan targets and sizes, particularly in the following areas, on the basis of the provisions and sizes given in this law:

- 1) balances of fuels and raw and other materials,
- 2) policy for regional development and environmental protection,
- 3) science and technical progress,
- 4) principles and instruments for implementing the national socioeconomic plan,
- 5) shares and sizes of subsidies made to local budgets out of the central budget.

2. During the first 6 months of 1983, the Council of Ministers will present the principles of tax policy for the nonsocialized economy and population, and it will present the assumptions of price policy to the year 1985 by 1 September 1983.

3. In the event that the economic conditions described in Chapter 4, Point 10 proved to be different from those anticipated in the plan, the Council of Ministers will present variants of economic measures.

4. The national socioeconomic plan for 1983-1985 will be published in the Gazette of Laws of the Polish People's Republic (DZIENNIK USTAW PRL).

5. The law goes into effect as of the day of its promulgation, with binding force from 1 January 1983.

Marshall of the Sejm: S. Gucwa

Appendix No 1 to Sejm Resolution Dated 28 April 1983 (Item 103):
List of Central Investments Permitted to be Carried Out in 1983-1985
(The list includes investments arranged according to their inclusion in
the technical-economic targets)

1. Name of investor and investment: Piast Hard Coal Mine
Construction of a mine with a capacity of 24,000 tons per day

Increase in production-service capacity:

- a) name of product: boiler coal
b) unit of measure: million tons per year
c) total/to end of 1982: 7.3/7.3
to be completed in 1983-1985:
d) amount: ---, e) deadline (year): 1983
Cost-estimate value (initial) in billions of zlotys: 8.4
Outlays in billions of zlotys:
f) for 1983-1985: 0.4 g) after the year 1985: --

2. Name of investor and investment: PRL 30th Anniversary Hard Coal Mine
Construction of a mine with a capacity of 15,000 tons per day

Increase in production-service capacity:

- a) name of product: coking coal b) unit of measure: million tons per year
c) total/to end of 1982: 4.6/4.3
to be completed in 1983-1985:
d) amount: 0.3 e) deadline (year): 1984
Cost-estimate value (initial) in billions of zlotys: 11.0
Outlays in billions of zlotys:
f) for 1983-1985: 1.2 g) after the year 1985: --

3. Name of investor and investment: ZMP Hard Coal Mine
Construction of a mine with a capacity of 800 tons per day

Increase in production-service capacity:

- a) name of product: coking coal b) unit of measure: million tons per year
c) total/to end of 1982: 2.4/1.2
to be completed in 1983-1985:
d) amount: 1.2 e) deadline (year): 1983
Cost-estimate value (initial) in billions of zlotys: 6.5
Outlays in billions of zlotys:
f) for 1983-1985: 0.7 g) after the year 1985: --

4. Name of investor and investment: Cieczott Hard Coal Mine
Construction of a mine with a capacity of 24,000 tons per day (before
being updated)

[4. Cieczott Mine, continued]

Increase in production-service capacity:

a) name of product: boiler coal b) unit: million tons per year

c) total/to end of 1982: 7.3/--

to be completed in 1983-1985: d) amount:-- e) deadline:--

Cost-estimate value (initial): 23.6 billion zlotys

Outlays in billions of zlotys:

f) for 1983-1985: 11.0

g) after 1985: 4.8

5. Suszec Hard Coal Mine

Construction of a mine with a capacity of 12,000 tons per day

Increase in production-service capacity:

a) name of product: coking coal b) unit: million tons per year

c) total/to end of 1982: 3.7/--

to be completed in 1983-1985: d) amount:-- e) deadline:--

Cost-estimate value (initial): 20.9 billion zlotys

Outlays in billions of zlotys:

f) for 1983-1985: 8.6

g) after 1985: 3.3

6. Kaczyce Hard Coal Mine

Construction of a mine with a capacity of 6,000 tons per day

Increase in production-service capacity:

a) name of product: coking coal b) unit: million tons per year

c) total/to end of 1982: 1.8/--

to be completed in 1983-1985: d) amount:-- e) deadline:--

Cost-estimate value (initial): 19.3 billion zlotys

Outlays in billions of zlotys:

f) for 1983-1985: 7.3

g) after 1985: 7.0

7. Kl Pilot-Mining Hard Coal Mine in Lublin Coal Basin

Construction of mine with a capacity of 12,000 tons per day (before being updated)

Increase in production-service capacity:

a) name of product: boiler coal b) unit: million tons per year

c) total/to end of 1982: 3.7/0.1

to be completed in 1983-1985: d) amount: 1.0 e) deadline: successive

Cost-estimate value (initial): 22.0 billion zlotys

Outlays in billions of zlotys:

f) for 1983-1985: 10.1

g) after 1985: 0.5

[all monetary units in billions of zlotys, unless otherwise specified]

8. Katowice Mill--construction of a coking plant along with construction of a bank of pitch-coke ovens

Increase in production-service capacity:

a) name of product: coke b) unit: thousand tons per year

c) total/to end of 1982: 3,300/--

Cost-estimate value (initial): 32.5 billion zlotys

Outlays: f) for 1983-1985: 11.0 g) after 1985: 13.0

Remarks: possibility of outlay overruns in 1983-1985

a) name of product: coking gas b) unit: million cubic nanometers per year

c) total/to end of 1982: 800/--

a) name of product: pitch coke b) unit: thousand tons per year

c) total/to end of 1982: 100/--

9. Belchatow Lignite Mine--construction of open-cast mine with capacity of 38.5 million tons per year

Increase in production-service capacity:

a) name of product: lignite (brown coal) b) unit: million tons per year

c) total/to end of 1982: 38.5/2.0

to be completed in 1983-1985:

d) amount: 15.9

e) deadline (year): successively

Cost-estimate value (initial): 110.0

Outlays: f) for 1983-1985: 37.6 g) after 1985: 21.0

10. Konin Lignite Mine--construction of Lubstow strip mine with capacity of 6 million tons per year

Increase in production-service capacity:

a) name of product: lignite b) unit: million tons per year

c) total/to end of 1982: 6.0/0.5

to be completed in 1983-1985:

d) 5.3

e) deadline (year): successively

Cost-estimate value (initial): 15.7

Outlays: f) for 1983-1985: 6.8 g) after 1985: 2.0

11. Belchatow Electric Power Plant--construction of 12 360-megawatt units

Increase in production-service capacity:

a) name of product: electric power b) unit: megawatts

c) total/to end of 1982: 4,320/360

to be completed 1983-1985 (d-e):

1983: 720 1984: 720 1985: 720

Cost-estimate value (initial): 200.0

Outlays: f) for 1983-1985: 48.0 g) after 1985: 112.0

[all monetary units in billions of zlotys, unless otherwise specified]

12. Polaniec Electric Power Plant -- construction of eight 200-megawatt units

Increase in production-service capacity:

a) name of product: electric power b) unit: megawatts

c) total/to end of 1982: 1,600/1,200

to be completed in 1983-1985:

d) 400

e) deadline (year): 1983

Cost-estimate value (initial): 31.1

Outlays: f) for 1983-1985: 9.1

g) after 1985: 1.3

13. Zarnowiec Hydroelectric Plant--construction of 4 170-megawatt turbine sets

Increase in production-service capacity:

a) product: electric power b) unit: megawatts

c) total/to end of 1982: 680/510

to be completed in 1983-1985:

d) amount: 170

e) target date: 1983

Cost-estimate value (initial): 7.9

Outlays: f) for 1983-1985: 0.3

g) after 1985: --

14. Zarnowiec Atomic Power Plant--construction of two 465-megawatt units

Increase in production-service capacity:

a) product: electric power b) megawatts

c) total/to end of 1982: 930/--

to be completed in 1983-1985:

d) amount: --

e) target date: --

Cost-estimate value (initial): 110.0

Outlays: f) for 1983-1985: 10.2

g) after 1985: 97.8

15. Kaweczyn Thermal Electric Plant--construction of two 120-WP boilers and two 200-WP boilers (before updating)

Increase in production-service capacity:

a) product: thermal energy b) gigacalories per hour

c) total/to end of 1982: 640/--

to be completed in 1983-1985: 240 in 1983, 200 in 1985 (d-e)

Cost-estimate value (initial): 15.8

Outlays: f) for 1983-1985: 9.4

g) after 1985: 1.7

16. Katowice-Dabrowka Thermal Electric Plant--construction of two 120-WP boilers

Increase in production-service capacity:

a) product: thermal energy b) gigacalories per hour

c) total/to end of 1982: 240/--

to be completed in 1983-1985: 240 in 1983

Cost-estimate value (initial): 6.0

Outlays: f) for 1983-1985: 3.0

g) after 1985: --

[all monetary units in billions of zlotys, unless otherwise specified]

17. Stalowa Wola Electric Power Plant--expansion for sulfur mine and construction of 120-WP boiler

Increase in production-service capacity:

a) product: thermal power b) gigacalories per hour

c) total/to end of 1982: 360/--

to be completed in 1983-1985: (d-e): 240 in 1984, 120 in 1985

Cost-estimate value (initial): 5.3

Outlays: f) for 1983-1985: 4.4 g) after 1985: --

18. Electric-power Network: Transit and Lead of Power from Chmielnik Atomic Power Plant Over 750-kilovolt and 400-kilovolt Network

Increase in production-service capacity:

a) product: electric power transmission

Construction of Widelka 750/400-kilovolt station

b) unit: megavoltampere (MVA)

c) total/to end of 1982: 2,450/--

Cost-estimate value (initial): 8.7

Outlays: f) for 1983-1985: 6.4 g) after 1985: 2.1

19. Investor: (see 18 above) a) product: as above

Construction of 750-kilovolt line along with expansion of 400-kilovolt system

b) unit: kilometers

c) total/to end of 1982: 1,043/--

to be completed in 1983-1985:

d) amount: 927

e) target date: successively to 1985

Cost-estimate value (initial): 16.0

Outlays: f) for 1983-1985: 8.6 g) after 1985: 3.4

20. Nowotko Mill--construction of small rolling mill

a) product: rolled goods

b) unit: thousands of tons per year

c) total/to end of 1982: 800/460

to be completed in 1983-1985:

d) amount: 340

e) target date: 1984

Cost-estimate value (initial): 19.4

Outlays: f) for 1983-1985: 3.6 g) after 1985: --

21. Metallurgical Plants in Lublin--construction of iron foundry

a) product: iron castings

b) thousand tons per year

c) total/to end of 1982: 60/--

to be completed in 1983-1985 (d-e): 60 in 1984

Cost-estimate value (initial): 16.8

Outlays: f) for 1983-1985: 8.5 g) after 1985: --

[all monetary units in billions of zlotys, unless otherwise specified]

22. Ursus Mechanical Plants--construction expansion and modernization to mobilize the production of tractors on license

Increase in production-service capacity:

- a) product: tractors MFP b) unit: thousands of units per year
c) total/to end of 1982: 75/--
 to be completed in 1983-1985: --
 e) target date: 1987

Cost-estimate value (initial): 47.3

Outlays: f) for 1983-1985: 12.5 g) after 1985: 6.1

23. Geological Machinery and Equipment Plant in Ciechanów--plant construction

Increase in production-service capacity:

- a) product: diamond tools b) unit: units
c) total/to end of 1982: 3,800/--
 to be completed 1983-1985: 3,390 e) target date: 1985

Cost-estimate value (initial): 1.5

Outlays: f) for 1983-1985: 0.7 g) after 1985: 0.3

24. Police Chemical Plants--construction of Police-II nitrogen-phosphorous fertilizer plant complex

Increase in production service capacity:

- a) product: ammonia b) thousand tons per year
c) total/to end of 1982: 500/--
 to be completed in 1983-1985: 500 by 1983

- a) product: carbamide b) thousand tons per year
c) total/to end of 1982: 400/--
 to be completed in 1983-1985: 400 by 1984

Cost-estimate value (initial): 67.4

Outlays: f) for 1983-1985: 28.0 g) after 1985: 15.5

- a) product: NPK fertilizers b) thousands of tons per year
c) total/to end of 1982: 823/--
 to be completed in 1983-1985:--

25. Rokita Nadodrzańskie Organic Industrial Plants--construction of pyrazon plant in Brzeg Dolny

Increase in production-service capacity:

- a) product: pyrazon b) tons per year
c) total/to end of 1982: 1,000/--
 to be completed 1983-1985:--

Cost-estimate value (initial): 3.3

Outlays: f) for 1983-1985: 0.6 g) after 1985: 2.7

[all monetary units in billions of zlotys, unless otherwise specified]

26. Wloclawek Nitrogen Plants--construction of polyvinyl chloride production complex

Increase in production-service capacity: (in thousand tons per year)

a) product: liquid chlorine

c) total/to end of 1982: 180/180

a) product: vinyl chloride

c) total/by end of 1982: 205/--

to be completed in 1983-1985:

d) amount: 205

e) target date: 1983

Cost-estimate value (initial): 47.6

Outlays: f) for 1983-1985: 11.6 g) after 1985:--

a) product: solvents

c) total/by end of 1982: 40/--

to be completed in 1983-1985:

d) amount: 40

e) target date: 1983

a) product: polyvinyl chloride

c) total/by end of 1982: 200/--

to be completed by 1983-1985:

d) amount: 200

e) target date: 1983

27. Polfa Tarchomin Pharmaceutical Plants--construction of antibiotics plant

Increase in production-service capacity:

a) product: antibiotics in loose bulk and soda form

b) unit: tons per year

c) total/by end of 1982: 468.1/--

to be completed in 1983-1985:

d) amount: 468.1

e) target date: successive

Cost-estimate value (initial): 22.8

Outlays: f) for 1983-1985: 13.1 g) after 1985: 4.2

28. Kedzierzyn Nitrogen Plants--construction of oxo-alcohol plant

Increase in production-service capacity:

a) product: oxo-alcohols

b) unit: thousand tons per year

c) total/by end of 1982: 133.4/--

to be completed in 1983-1985:

d) amount: 133.4

e) target date: 1985

Cost-estimate value (initial): 11.6

Outlays: f) for 1983-1985: 7.3 g) after 1985: --

[all monetary units in billions of zlotys, unless otherwise specified]

29. Siarkopol Mines and Sulfur-Processing Plants in Tarnobrzeg--
construction of Olendra steam-heat plant

Increase in production-service capacity:

a) product: thermal power b) unit: gigacalories per hour

c) total/to end of 1982: 86.5/--
to be completed in 1983-1985:

d) amount: 86.5

e) target date: 1984

Cost-estimate value (initial): 2.0

Outlays: f) for 1983-1985: 7.3 g) after 1985: --

30. Bochnia Sulfur Mine--construction of Siedlec-Moszczenica salt
mine

Increase in production-service capacity:

a) product: salts b) unit: thousand tons per year

c) total/to end of 1982: 600/--
to be completed in 1983-1985: --

d) amount: --

e) target date: --

Cost-estimate value (initial): 4.4

Outlays: f) for 1983-1985: 2.6 g) after 1985: 1.0

31. Azot Chemical Plants in Jarorzno--construction of "bromophenovinphos"
section

Increase in production-service capacity:

a) product: "bromophenovinphos" b) unit: tons per year

c) total/to end of 1982: 500/--
to be completed in 1983-1985: --

d) amount: --

e) target date: --

Cost-estimate value (initial): 4.5

Outlays: f) for 1983-1985: 0.4 g) after 1985: 3.1

32. Inowroclaw Salt Mine--construction of Mogilno salt mine

Increase in production-service capacity:

a) product: brine b) unit: thousand cubic meters per year

c) total/to end of 1982: 550/--
to be completed in 1983-1985:

d) amount: 550

e) target date: 1984

Cost-estimate value (initial): 2.1

Outlays: f) for 1983-1985: 1.4 g) after 1985: --

33. Podhale Nowy Targ Leather Plants--construction of tannery in Biezanow

Increase in production-service capacity:

a) product: soft leather b) unit: thousand twz per year

c) total/to end of 1982: 15.5/--
to be completed in 1983-1985: 15.5 by 1985

Cost-estimate value (initial): 2.7

Outlays: f) for 1983-1985: 1.8 g) after 1985: 0.7

[all monetary units in billions of zlotys, unless otherwise specified]

34. Mazowiec Sugar Refinery, State Enterprise, in Plock--construction of sugar refinery in Gliniojeck

Increase in production-service capacity:

a) product: sugar-beet processing b) unit: thousand tons per day

c) total/to end of 1982: 6.0/--

to be completed in 1983-1985:

d) amount: 6.0

e) target date: 1985

Cost-estimate value (initial): 9.3

Outlays: f) for 1983-1985: 5.3 g) after 1985: --

35. Kwidzyn Cellulose and Paper Plants--construction of paper-cellulose complex

Increase in production-service capacity:

a) product: cellulose b) unit: thousand tons per year

c) total/to end of 1982: 170/--

to be completed in 1983-1985:

d) amount: 170

e) target date: 1983

Cost-estimate value (initial): combined with that for paper below: 52.0

Outlays: f) for 1983-1985: 17.0 g) after 1985: 4.5

as above

Increase in production-service capacity:

a) product: paper b) unit: thousand tons per year

c) total/to end of 1982: 270/--

to be completed in 1983-1985:

d) amount: 140

e) target date: 1984

Cost-estimate value (initial): combined with cellulose above

Outlays: f) for 1983-1985: g) after 1985:

36. Bialystok Furniture Factory--construction of furniture factory in Suwalki

Increase in production-service capacity:

a) product: furniture b) unit: thousands of sets per year

c) total/to end of 1982: 40/--

to be completed in 1983-1985:

d) amount: 40

e) target date: 1983

Cost-estimate value (initial): 2.5

Outlays: f) for 1983-1985: 0.7 g) after 1985: --

[all monetary units in billions of zlotys, unless otherwise specified]

37. Chipboard Plants in Zary--construction of plant

Increase in production-service capacity:

- a) product: chipboard b) unit: thousand cubic meters per year
c) total/to end of 1982: 245/--
to be completed in 1983-1985:
d) amount: 245 e) target date: 1985

Cost-estimate value (initial): 3.5

Outlays: f) for 1983-1985: 1.6 g) after 1985: --

Note: Implementation dependent on technological trials in 1983.

38. Asbestos-Cement Products Plants in Malkinie--construction of mineral wool plant in Malkinie

Increase in production-service capacity:

- a) product: mineral wool b) unit: thousand tons per year
c) total/to end of 1982: 60/--
to be completed in 1983-1985:
d) amount: 60 e) target date: 1984

Cost-estimate value (initial): 3.0

Outlays: f) for 1983-1985: 1.8 g) after 1985: --

39. IZOLACJA Construction Insulating Materials Enterprise in Zielona Gora
construction of mineral wool plant in Cigucice near Zielona Gora

Increase in production-service capacity:

- a) product: mineral wool b) unit: thousand tons per year
c) total/to end of 1982: 60/--
to be completed in 1983-1985:
d) amount: 60 e) target date: 1985

Cost-estimate value (initial): 4.4

Outlays: f) for 1983-1985: 3.6 g) after 1985: --

40. Polish Recordings, in Warsaw--plant construction

Increase in production-service capacity:

- a) product: phonodiscs (records) b) unit: millions
c) total/to end of 1982: 300/--
to be completed in 1983-1985:
d) amount: -- e) target date: --

Cost-estimate value (initial): 2.5

Outlays: f) for 1983-1985: 1.2 g) after 1985: 0.9

- a) product: cassettes b) millions
c) total/to end of 1982: 2/--

41. Graphic Plants in Gdansk--plant construction

Increase in production-service capacity:

- a) product: color prints b) unit: millions
c) total/to end of 1982:
640/-- e) target date: 1983
d) amount: 640

Cost-estimate value (initial): 1.9

Outlays: f) for 1983-1985: 0.6 g) after 1985: --

[all monetary units in billions of zlotys, unless otherwise specified]

42. National Library--construction of a library

Increase in production-service capacity:

- a) product: number of volumes b) unit: million volumes
- c) total/to end of 1982: 5/--
to be completed in 1983-1985:
- d) amount: -- e) target date: --

Cost-estimate value (initial): 3.6

Outlays: f) for 1983-1985: 0.9 g) after 1985: 2.0

43. Cancer Center in Warsaw
construction of a central facility

Increase in production-service capacity:

- a) product: beds b) unit: number of beds
- c) total/to end of 1982: 700/--
to be completed in 1983-1985:
- d) amount: -- e) target date: --

Cost-estimate value (initial): 11.4

Outlays: f) for 1983-1985: 3.2 g) after 1985: 7.1

44. Dobczyce Water Reservoir on the Raba River--construction of reservoir

Increase in production-service capacity:

- a) product: capacity b) unit: million cubic meters
- c) total/to end of 1982: 127/--
to be completed in 1983-1985:
- d) amount: -- e) target date: --

Cost-estimate value (initial): 5.3

Outlays: f) for 1983-1985: 2.1 g) after 1985: 1.0

45. Group of water reservoirs: Czorsztyn--Nizica--Sromowce Wyzne, on the
Dunajec River--construction of reservoirs

Increase in production-service capacity:

- a) product: capacity b) unit: million cubic meters
- c) total/to end of 1982: 240/--
to be completed in 1983-1985:
- d) amount: -- e) target date: --

Cost-estimate value (initial): 13.8

Outlays: f) for 1983-1985: 2.1 g) after 1985: 8.5

[all monetary units in billions of zlotys, unless otherwise specified]

46. Chancza Reservoir on the Charna Staszowska River--reservoir construction

Increase in production-service capacity:

a) product: capacity b) unit: million cubic meters

c) total/to end of 1982: 25/--
to be completed in 1983-1985:

d) amount: 25 e) target date: 1984

Cost-estimate value (initial): 1.0

Outlays: f) for 1983-1985: 0.3 g) after 1985: --

47. Jezuiorsko Reservoir on the Warta River
reservoir construction

Increase in production-service capacity:

a) product: capacity b) unit: million cubic meters

c) total/to end of 1982: 203/--
to be completed in 1983-1985:

d) amount: -- e) target date: --

Cost-estimate value (initial): 8.8

Outlays: f) for 1983-1985: 3.3 g) after 1985: 2.3

48. Mietkow Reservoir on the Bystrzyca River--reservoir construction

Increase in production-service capacity:

a) product: capacity b) unit: million cubic meters

c) total/to end of 1982: 70/--
to be completed in 1983-1985:

d) amount: -- e) target date: --

Cost-estimate value (initial): 4.0

Outlays: f) for 1983-1985: 1.4 g) after 1985: 0.6

49. Bukowka Reservoir on the Bobr River
construction of reservoir

Increase in production-service capacity:

a) product: capacity b) unit: million cubic meters

c) total/to end of 1982: 17/--
to be completed in 1983-1985:

d) amount: -- e) target date: --

Cost-estimate value (initial): 2.7

Outlays: f) for 1983-1985: 1.4 g) after 1985: 0.8

[all monetary units in billions of zlotys, unless otherwise specified]

50. Dobromierz Reservoir on the Strzegomka River--reservoir construction

Increase in production-service capacity:

- a) product: capacity b) unit: million cubic meters
c) total/to end of 1982: 12/--
to be completed in 1983-1985:
d) amount: 12 e) target date: 1985

Cost-estimate value (initial): 1.7

Outlays: f) for 1983-1985: 1.0 g) after 1985: --

51. Chorzow-Klimzowiec Waste-Water Treatment Plant
construction of waste-water treatment plant

Increase in production-service capacity:

- a) product: waste-water purification b) unit: thousand cubic meters per day
c) total/to end of 1982: 61.7/-110n
to be completed in 1983-1985:
d) amount: -- e) target date: --

Cost-estimate value (initial): 1.7

Outlays: f) for 1983-1985: 0.6 g) after 1985: 0.9

52. Sosnowiec-Radocha Waste-Water Treatment Plant--construction of
waste-water treatment plant

Increase in production-service capacity:

- a) product: waste-water purification b) unit: thousand cubic meters per day
c) total/to end of 1982: 216.6/--
to be completed in 1983-1985:
d) amount: -- e) target date: --

Cost-estimate value (initial): 4.5

Outlays: f) for 1983-1985: 1.3 g) after 1985: 2.9

53. Siemianowice-Centrum Waste-Water Treatment Plant
construction of waste-water treatment plant

Increase in production-service capacity:

- a) product: waste-water purification b) unit: thousand cubic meters per day
c) total/to end of 1982: 147.3
to be completed in 1983-1985:
d) amount: -- e) target date: --

Cost-estimate value (initial): 2.7

Outlays: f) for 1983-1985: 0.9 g) after 1985: 1.4

[all monetary units in billions of zlotys, unless otherwise specified]

54. Czajki Warsaw Right-bank Waste-Water Treatment Plant
construction of waste-water treatment plant

Increase in production-service capacity:

- a) product: water treatment b) unit: thousand cubic meters per day
c) total/to end of 1982: 400/--
to be completed in 1983-1985:
d) amount: -- e) target date: --
Cost-estimate value (initial): 5.7
Outlays: f) for 1983-1985: 2.2 g) after 1985: 2.0

55. Elblag Waste-Water Treatment Plant
construction of waste-water treatment plant

Increase in production-service capacity:

- a) product: water treatment b) unit: thousand of cubic meters per day
c) total/to end of 1982: 62.2/--
to be completed in 1983-1985:
d) amount: 62.2 e) target date: 1984
Cost-estimate value (initial): 0.5
Outlays: f) for 1983-1985: 0.3 g) after 1985: --

56. Lublin-Hajdow Waste-Water Treatment Plant--construction of plant

Increase in production-service capacity:

- a) product: water treatment b) unit: thousands of cubic meters per day
c) total/to end of 1982: 165.6
to be completed in 1983-1985:
d) amount: 165.6 e) target date: 1984
Cost-estimate value (initial): 4.0
Outlays: f) for 1983-1985: 2.0 g) after 1985: 0.8

57. Lodz Joint Water Treatment
first stage, first target

Increase in production-service capacity:

- a) product: water treatment b) unit: thousand cubic meters per day
c) total/to end of 1982: 309.0/--
to be completed in 1983-1985:
d) amount: 309.0 e) target date: 1985
Cost-estimate value (initial): 1.8
Outlays: f) for 1983-1985: 0.9 g) after 1985: --

[all monetary units in billions of zlotys, unless otherwise specified]

58. Warsaw Metro

construction of Line I: Kabaty-Huty Warszawa

Increase in production-service capacity:

a) product: metro line b) unit: kilometers

c) total/to end of 1982: 23/--
to be completed in 1983-1985:

d) amount: -- e) target date: --

Cost-estimate value (initial): 85.0

Outlays: f) for 1983-1985: 8.9 g) after 1985: 75.9

a) product: metro stations b) unit: number of stations

c) total/by end of 1982: 23/--

59. Warsaw Northern Water-Supply System--construction of stage I

Increase in production-service capacity:

a) product: drinking water b) unit: thousand cubic meters per day

c) total/to end of 1982: 300/--
to be completed in 1983-1985:

d) amount: 300 e) target date: 1985

Cost-estimate value (initial): 7.3

Outlays: f) for 1983-1985: 4.1 g) after 1985: --

60. Dzieckowice Joint Water-Supply System--construction of stage I

Increase in production-service capacity:

a) product: drinking water b) unit: thousand cubic meters per day

c) total/to end of 1982: 345/--
to be completed in 1983-1985:

d) amount: -- e) target date: --

Cost-estimate value (initial): 35.6

Outlays: f) for 1983-1985: 5.7 g) after 1985: 29.9

61. Raba II Water-Supply System for Krakow

construction of water-supply system

Increase in production-service capacity:

a) product: drinking water b) unit: thousand cubic meters per day

c) total/to end of 1982: 225/--
to be completed in 1983-1985:

d) amount: -- e) target date: --

Cost-estimate value (initial): 7.5

Outlays: f) for 1983-1985: 3.2 g) after 1985: 2.2

Remarks: investment transferred from local plan beginning in 1984.

62. Gdynia-Debogorze Waste-Water Treatment Plant -- construction of waste-water treatment plant

Increase in production-service capacity:

- a) water purification b) unit: thousand cubic meters per day
c) total/by end of 1982: 100/—
to be completed in 1983-1985:
d) amount: — e) target date: —
Cost-estimate value (initial): 2.0
Outlays: f) 1983-1985: 0.6 g) after 1985: 1.4

Appendix No 2 to Sejm Resolution dated 28 April 1983 (Item 103)

Undertakings Envisioned for Inclusion as First Priorities in the List of Central Investments to the Year 1985 (given suitable conditions)

Item No	Description	Estimated outlays (billions of zlotys)
1	K-2 Mine in Lublin Coal Basin--mine construction	38.0
2	Budryk Coal Mine (hard coal)--mine construction*	65.3
3	PRL 30th Anniversary Hard Coal Mine--mine construction Warszowice mine fields*	21.6
4	Opole Electric Plant--construction of six 360-megawatt [units]	114.0
5	Jednosc Mill in Sietnianowice Slaskie--construction of continuous pipe mill	40.0
6	Aluminum Oxide Factory, Nowiny--factory construction	14.0
7	Start-up of production of high-compression engines for delivery trucks	23.0
8	Sudet Water-Supply System--construction of first phase	23.5
9	Polish Academy of Sciences -- construction of International Laboratory of Strong Magnetic Fields and Low Temperatures in Wroclaw	0.4
10	Construction of "Dwory" dam on the Vistula	1.8
11	Construction of the "Smolice" dam on the Vistula	1.5
12	Construction of the "Kosciuszko" dam on the Vistula	2.2

* The Council of Ministers will review the recommendation of the Deputy Group in Katowice concerning the replacement of these investments here with others.

10790

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BAKA STUMPS FOR ECONOMIC REFORM REVISIONS AT PRESS CONFERENCE

Warsaw RZECZPOSPOLITA in Polish 19 Sep 83 pp 1, 2

[Report on a press conference given in the Government Press Office in Warsaw on 17 September 1983 by Minister Wladyslaw Baka, the government's plenipotentiary for the economic reform: "On the Eve of a New Reform Stage: Favorable Economic Balance Sheet for 8 Months; The Trends: Effectiveness, Dynamism of Export Production, Restraining Inflation"]

[Text] (From our own correspondent) The tendency to strengthen the principles and to improve the mechanism of the economic reform from 1984 on was the subject of a meeting held on 17 September between Minister Wladyslaw Baka, the government's plenipotentiary for the economic reform, and journalists, [held] in the Government Press Office. A day earlier, the Council of Ministers had discussed a draft proposal concerning the improvement in the mechanism of the reform.

Why do we talk again about revision? Has the concept of the reform broken down, and its premises not been confirmed in practice? Those questions were posed at the beginning of Min Baka's conference. Considered from the statistical point of view, the economic achievements of the past 8 months look favorable, the reform therefore is getting results.

Compared with the same period of last year, production has increased by 8.5 percent, export was up 17 percent, and labor productivity, some 12 percent. The degree of utilization of the working time improved by 2 percent. Our foreign trade balance-sheet has improved considerably. The surplus of export over import reached 70 billion zlotys.

We have tried to solve our problems by our own means. The image of positive trends has also been reflected in the factories. But speaking about the bright spots, one should not forget the shadows of our economic reality. At this point the government's plenipotentiary listed the permanent shortage of supplies, the waste of raw materials, the dissaray--despite all efforts--of the investment front, the unsatisfactory progress in proper organization of work, and the difficulties in the restructurizing of the organization.

Generally speaking, the balance sheet is positive. One only has to recall the social, economic and political situation [at the time] when the reform was starting.

Still, it is our duty to provide a critical, continuous analysis and evaluation of the [reform] mechanism in action, Min Baka said. Even in the programmatic document--the economic reform trends--it had been assumed that, given the exceptionally difficult start conditions, the process of achieving the projected shape of the reform would demand the use of so-called transitional solutions. Today, after 2 years' experience in instituting new economic solutions, and given the prospects of the 5-year plan, it is possible to give up some of the regulations now in force.

The general trend, which has been, and will continue to be, carried out to implement the reform, consists of strengthening the principle of the 3 S's--autonomy, self-management, and self-financing--combined with the improved efficacy of central control over the economy, in accordance, however, with the principles of the reform, the government's plenipotentiary pointed out.

The practical implementation of the proposed modifications in the economic system should promote increased economic pressure on the enterprises, in order to raise productivity and improve effective management. It was said that those who have been good managers will prosper even more, but mismanaged enterprises will be eliminated from economic life, unless they succeed in reconstructing their activities.

Thus, efficiency is the goal. The second guiding principle of the reform is the strengthening of the market equilibrium and preventing inflation. By no means does the reform mean inflation, as some of its enemies claim. On the contrary, consistent implementation of solutions envisaged by the reform might restrict the price rises. Such problems should be considered in political and social terms.

Another goal of the reform concerns the implementation of economic restructuring of our country. The mechanisms of such reforms should, therefore, be carried out in practice. Whether they will manage to introduce changes depends on the will to accept them, and on popular support.

The proposed modifications should also tend to exert pressure towards a dynamic rate of growth of production for export. It does not mean that exporters should be paid more and more, but systems apt to influence the plant management and workers' self-management to make their own decisions about production for export should be introduced.

An important aspect of the strengthening of the reform principles concerns the promotion and utilization of technical progress. We face problems of depreciation and decapitalization of fixed assets. There is no money to replace worn-out machines and tools. The trickle of funds appropriated for this operation will be very thin. It should be supplemented and substituted by innovative ideas, as well as by a climate propitious for genuinely valuable technological solutions.

The proposed changes aim, above all, at bringing the costs in order. It should be clearly stated, said Min Baka, what is and what is not included. Certainly not all the arbitrary kinds of costs, e.g., the indirect ones, or the plant overheads. This ties in with the problem of prices. We are going to abandon regulated prices based on cost prices (as costs of production rise, so rise the profits). We are going, however, to broaden the scope of official prices, wherever they are feasible and necessary. Wherever the conditions allow, we shall introduce contract prices, based, however, on the principle of just costs.

The problem of the turnover tax is also relevant here. The enterprises will have to increase the scale of production in order to improve profits. This will exert pressure to reduce costs. Thus, the economic essence of contract prices will be modified. An endorsement by the Council of Ministers will therefore be necessary to freeze some prices charged by the enterprises, to avoid putting the inflationary spiral in motion.

Another subject discussed by the Council of Ministers concerned taxes. The progressive income tax, based on costs of processing, as applied in 1982-83, aimed at the levelling of income. By now there is no need for that, everybody advocates a revision of this principle. It has been proposed to impose a linear tax, according to which the level of profits achieved by an enterprise would determine an equal portion of its budget to be taxed. The weak side of such a solution derives, however, from ignoring the unequal financial situation of various enterprises: each one is taxed according to its profits, disregarding its assets. The tax, therefore, will be paid in two installments, one according to the profit, the other according to the assets. This has been consulted with a large number of enterprises, which expressed support for the proposed solution.

During the popular discussion on the revised premises of the reform, major controversies emerged regarding depreciation. It is being assumed that the costs of depreciation will be divided, half and half, between the state budget and the enterprise. Some reduction of rates under this head have also been provided for; it will be spelled out in the 5-year plan. Preliminary estimates indicate that the budget will cover some 35 percent of the total expenses. The entire depreciation fund will be transferred to the bank, to finance its credit activities. Both the well-managed enterprises and those who have genuine development potential would therefore gain by it.

Min Baka then discussed the problem of government orders. There are products of strategic importance for the economy as a whole. Therefore, the supply system for such types of production must be safeguarded. But the production has to be efficient. Therefore, for this kind of orders, auctions have been introduced, to be held by trade or marketing central offices. The yardstick of appropriation will be fixed according to one principle: to allot [supplies] to those who best manage the allocated materials.

The charges for the Vocational Activation Fund [FAZ] will continue. Reduced rates will also remain possible. The wage-cost assessments will be based not on wages paid out in 1983, but on those calculated before the FAZ charges had been deducted.

Another innovation concerns the wage-reserve fund. An enterprise which in a given year will manage to save a certain amount will be allowed to carry some part of it over, for use in the next year. But in the following year the calculation will be based on the fund actually achieved.

The foreign trade regulations will not be substantially modified. Cooperative enterprises will be allowed to bid in auctions, while the scope of concessions and reductions resulting from efficient export production will be broadened.

In order to carry out the intentions previously described, the support of workers' self-management is most important. The government attaches a lot of weight to self-management and its genuine achievements, as well as to the activity of trade unions, now reconstructed.

In the next few days the proposed amendments to some laws, for instance, those regarding taxation, will be submitted to the Sejm. It is assumed that the legislation packet which applies to the revised functioning of the economy will be completed by the end of October. The enterprises will therefore be advised 3 months in advance about all the changes involved in their next year's activities.

12485

CSO: 2600/41

ECONOMISTS CITE MARX, SEMANTIC METAPHORS TO DEBATE ORIGINS OF CRISIS

'Dead Languages' and Economic Thought

Warsaw ZYCIE GOSPODARCZE in Polish No 23, 5 Jun 83 pp 1, 6

[Article by Wiktor Herer and Wladyslaw Sadowski: "Do We Understand Our Own Economy?"]

[Text] "Men make their own history, but they do not make it just as they please, under circumstances chosen by themselves. They make it under circumstances directly found, given, and handed down to them."

Karl Marx

"The 18th Brumaire of Louis Bonaparte"

Under what circumstances should we today "make our own history?" What kind of economy did the 1970's hand down to us at the beginning of this decade?

I. Circumstances

As a result of a real explosion of ideas--since that is the only way we can characterize the economic policy of the 1970's, and particularly the investment policy--a production apparatus arose which was not only in many ways obsolete, since it was energy-intensive and raw materials-intensive (in any case, it was always like that to some degree), but what is most important--a production apparatus that was internally disintegrated (and this was something that we never had on such a scale and which has not yet occurred anywhere). Its structure is characterized by an extensive and deep disproportion between the over-expanded final phases of production and the underdevelopment of an entire area of management of raw and other materials, together with transportation and environmental protection equipment. This production apparatus is not only unable to function normally without support from a large payments deficit, on which we can no longer count, but it is also paralyzed by cuts in imports caused by the large foreign debt.

The results of faulty investment policy are marked by a specific inertia. Objectified in the groups of long-term utilization capital goods, they form a system of material conditions from which it is not possible to become detached

simply by making a declaration that inasmuch as we are starting everything anew today, everything will somehow take care of itself in the future. The dead clutch the living. And nothing will take care of itself.

The disintegrated production apparatus inherited from the past today numbs the hands and slows the step. But only this, and no other, crippled, paralyzed production apparatus must be the basis of the actions which determine our future. We should concentrate our entire economic-policy effort on extricating ourselves from the vise that the disproportions in this apparatus have created.

These, then, are the circumstances that were given and handed down to us by history, and this is the situation that makes it impossible for us to extricate ourselves with the help of some kind of evasion tactics or entreaties. And it is these circumstances that call out today: "Hic Rhodus, hic salta!" ["put up or shut up"].

"The tradition of all the dead generations weighs like a nightmare on the mind of the living. And just when they seem to be revolutionizing themselves and their circumstances, in creating something entirely new, precisely in such epochs of revolutionary crisis they anxiously conjure up the spirits of the past to their aid, borrowing from them names, rallying-cries, and costumes, in order to stage a new scene of world history in this time-honored disguise and borrowed language (...)"

Karl Marx, op.cit.

II. "A Dead-Language Lesson"

During the 1970's things happened in our economy that "no philosopher ever dreamed of." Thus a specific, almost unique, situation had to arise, one that had no precedence on this scale either in our contemporary economic history or in the histories of other countries. One that is not recorded in any annals of economic history and has not been analyzed in any economics textbook.

Yet in all of our discussions, in our economic programs and our everyday activities, there appears to be a lack of awareness of the totally exceptional situation in which our country's economy finds itself. In talking about it, we use a language and concepts drawn from another world, completely unacceptable to our specific conditions.

Do We Have an Economic Crisis in Poland Today?

If by crisis we mean simply a crash, a severe collapse of the economy, as shown by a drastic reduction in all indicators of economic activity, then an affirmative answer to this question is so obvious that just asking it may seem to be astonishing and ridiculous.

But, after all, an economic crisis is a concept that has a narrowly defined origin and content. It is connected with the business cycle of a capitalist market economy, whose crisis is one phase, and outside the context of this cycle has no closer significance whatever.

An economic crisis, examined as a phase of a business cycle, is a specific form of economic cure. It puts into motion adjustment processes which gradually eliminate the causes of the decline in production and cause it to rise again. Because our critical situation was created by totally different causes, it contains totally different restrictions on production growth and as a consequence, does not open the door to any such healing adjustment processes observed in the crisis and depression phase of the business cycle.

There the reduced demand eliminates everything obsolete from the production apparatus. Here, in our country, it is not the obsolete, but the newest, and therefore, the most import-dependent segments of the production apparatus that are threatened with the greatest danger as a result of a shortage of foreign exchange for proper operation and conservation of equipment, and for replacement of worn-out components.¹

There the aging of capital resources and the accelerated wearing-out of its components is the main premise for surmounting a crisis, since it stimulates investment demand which is the primary lever for renewed growth of production and the national income. In our country, obsolescence of the production apparatus reduces production and makes product quality worse, which in turn reduces export and restricts investment import and import of spare parts, and thus activates the spiral that pulls the economy downward.

Let us go back to our own prewar experience. That which we are enduring today is far less painful than everything that the huge economic crisis of the 1930's produced (there is no hunger or unemployment). However, in the difficult situation that arose at that time the economic crisis also fulfilled totally different functions. Our crisis does not fulfill these functions.

Thus we face two conglomerations of completely different phenomena. One--very well-known, frequently experienced in economic history, studied and described many times in the professional literature. The second--unique, historically unprecedented, and abundant with phenomena about which authors of textbooks did not even dream.

Therefore, do we have an economic crisis in Poland? Is this an economic crisis within the meaning of the concept in which economic history and economic theory cloaked it? Coined for our specific situation the term "economic crisis" is totally inadequate, correct only in the context of the most banal symptomatic associations (e.g., decline in production), and thus--in view of the cause-and-effect associations which it suggests (an economic crisis automatically leads to greater activity, setting off self-acting market mechanisms)--is also very dangerous, since it is soporific. This is precisely why it is necessary to definitely underscore the otherwise obvious truism that the collapse of our economy has nothing in common with the business-cycle economic crisis.

¹ In 1985 it will be 10 years since the period of the largest purchases of imported machinery and engineering equipment, and that which was modern 10 years ago ceases to be so after a decade. And particularly in view of the rigorous quality criteria applicable to export today on the tight foreign markets.

Finally, we must note that not only the differences in the drive mechanisms and functions, but also the scale of production in Poland determine the unique and specific, in the world, character of this phenomenon that we call our "economic crisis." In general, everyone knows that a decline of national income of this scale is unheard-of thus far in the socialist economy. But not everyone knows that such a deep, 25 percent drop in national income did not occur after World War II even on an approximate scale in any country of the world (under peace-time conditions).

Do We Have Inflation Today in Our Country?

If by inflation we mean an increase in product prices which is not the result of an improvement in product quality, and a growth of people's incomes not connected with an increase in labor productivity, then an affirmative reply to this question is again perfectly obvious.

But the concept "inflation" also has its own strictly defined meaning as recorded in economics textbooks and as reflected by the economic experience of different countries. Do the phenomena which make up Polish inflation correspond with the substance of this concept?

In different definitions of inflation the emphasis falls on different questions, but the most obvious question for us is the one of basic importance--an inflationary growth of the stream of purchasing power occurs under conditions of a mobile market balance. This is a basic characteristic of classical inflationary processes, or a classical inflation, and that is the only kind that the economics textbooks describe, and that is the kind that we are dealing with today in the entire world, and particularly in Europe.

Certainly this kind of inflation is painful for broad circles of society. But it does not annihilate the market and it does not destroy the bases of the functioning of money.

The characteristic of those price-income phenomena which we have observed and continue to observe in Poland, calling them "inflation," is something totally different. Prices are rising, true, but a phenomenon considerably more threatening coexists with their growth. The demand reported by the stream of money incomes greatly exceeds the value, expressed in money, of the stream of market commodities, and the huge gap opening up between these two streams ("inflationary curve") is set off by the swelling reserve of money which has no coverage on the market. This produces an excessive demand on the market, and at the same time, destroys it. In addition, it enriches some, impoverishes others, demoralizes everyone, and aggravates the already-difficult life of the large majority.

So, do we have inflation in our country? Our "inflation" destroys and kills the market and paralyzes the functions of the money system, i.e., it threatens everything which in an economy fulfills a function similar to the function of blood-circulation in a living organism. It is this which makes of it a phenomenon which has only certain features in common with the textbook version of inflation, and aside from this is a specific phenomenon, truly unique, which has not occurred on this scale ever, neither in our country nor in any other country.

A Continuation of the Dead-Language Lexicon

A long list of terms can be compiled--terms from a language made dead by the peculiar features of our economic situation. Let us take a few examples from this list.

The textbooks say that real wages are the amount of goods and services which can be purchased for a nominal wage, taking into account the level of prices and the material structure of expenditures from a given income group. Real wages, therefore, determine the real value of nominal (money) wages, i.e., its actual purchasing power. Hence the growth rate of real wages and the actual purchasing power of wages (money)--as two equivalent quantities--is, by definition, completely concurrent.

However, our specific situation severs the connection between wages and real incomes and the actual purchasing power of wages and money incomes. Both these amounts can wander by not only two different, but actually opposite, paths. We can well imagine a situation in which wages and real incomes, calculated according to all textbook rules, increase, and at the same time their actual purchasing power shrinks. We can also well imagine a situation which is exactly the opposite. Anyway, why strain the imagination when we were dealing with the first situation during 1980-1981, and the future does not exclude the second situation.

This ostensible paradox is simply based on the fact that under conditions of severe market imbalance the growth rate of the actual purchasing power of wages and incomes is determined mainly by changes in the availability of goods and services on the market, i.e., a circumstance which did not even occur to the author of any kind of economics textbook. There is nothing surprising about this. Textbook concepts of wages and real incomes are adapted to conditions of market balance and a normal market, and that is precisely why in our specific situation they lose their usual meaning.

Let us go on. Can we talk about income parity for those employed in and outside agriculture when the degree of coverage of money paid to workers and private farmers is basically different? One group spends the larger portion of its money on food, and the other cannot find the necessary industrial products on which to spend its money.

Can we talk about price flexibility of farm production in peasant farms when under the present situation every increase in procurement prices for farm products exacerbates the imbalance on the agricultural market and undermines the commodity link between agriculture and the economy as a whole? In talking with farmers about the profitability of their production measured only in money incomes we use the phrase "out of this world." In the last analysis, the profitability of farm production is determined by whether the farmer can buy rubber boots, for example, and not by whether he receives more folding money.

Can we talk about a legal struggle against monopoly under conditions of a severe imbalance which makes every warehouseman and seller a monopolist even when thousands of self-governing, self-dependent, and self-financing enterprises

are producing a given product? It must be obvious that the warehousemen's monopoly is not due to their entering into monopolistic agreements. It is also clear that all kinds of administrative actions, even the necessary and authorized ones, only strengthen this warehousemen's monopoly.

Finally, can there be any talk in our country about the bankruptcy of an enterprise so long as it is able to balance its own finances through a price increase on its products for which, despite high prices, there are still purchasers ready to buy them? Are there many enterprises in Poland today who, if they raised prices, would have to go into bankruptcy for lack of a sales market? And can we, under the conditions described, under severe import restrictions, imagine that in this way, enterprises which are inefficient from the standpoint of the entire economy, or are producing products that are expensive and cannot be replaced through efficient import, will have to fold up?

"An entire nation, believing that (...) had achieved a more rapid power of action, suddenly finds itself set back into a dead epoch, and, to avoid any possible illusion about the relapse, the old dates rise again, the old chronology, the old names, the old edicts, long since become objects of antiquarian erudition, and the old henchmen, who had long seemed dead and decayed."

Karl Marx, op.cit.

III. The Dangers of a Dead Language

What is the sense of this discussion on the semantics of the concepts and language that we are using? Is it an outlet for semantic passions? Let us talk seriously.

The language that we are using today, in many of its parts, is linked genetically and functionally with a system of economic conditions in our country that does not exist, and in this sense it is a dead language. It is not, however, only a symbolic "disguise borrowed from the past" in which we are really "staging a new scene of world history." We really think in this language which does not fit the realities; it is the symptom and the product of bad thinking, and its deadness proves that our picture of reality does not agree with its true form, that it is false and a hoax.

There has been a disintegration in the certain system of economic relations to which we have become accustomed through decades, transferring us into another world, into a new and unique reality not experienced so far either by us or by anyone else. As if incapable of noticing and identifying the changes that have occurred, we are populating this reality with the shadows of nonexistent relations.

In the language that does not fit the realities we are formulating our assessments of the situation, referring to events which no longer exist; we are preparing forecasts for the future, basing them on imaginary trends and counting on mechanisms whose gears, in our specific conditions, cannot turn at all, and if they move it is not necessarily in the direction that we want them to. We

are making these assessments and forecasts just as if nothing had happened in our country, just as if its fundamental structures had not been undermined, and simply as if people did not want to work harder, and the managers of the enterprises had not wanted to play their part. And in view of this all that is necessary is to turn to everyone with appropriate appeals, to create the appropriate economic incentives...

Forecasts of the Future

Let us go back to the employment forecast for 1980-1981. The textbooks say that a production drop indicates that an economic crisis has occurred and that this always brings unemployment. Believing this textbook character of our crisis, and in anticipation of this unemployment, we allowed half a million people to elect early retirement, creating a new bottleneck which, together with those that we inherited after the 1970's, and with a disintegrated production apparatus, has given us the accumulated, negative, multiplied results throughout the entire national economy.

Let us look at the forecasts contained in the program for overcoming the crisis (June 1981) and at some of its plans. These programs became outdated very quickly, did they not? And parts of the plan for 1983 are becoming outdated before our very eyes. The part on the money-market situation is already out-of-date.

Let us also look at the forecasts of various of our experts who in a series of articles appearing during 1981-1982 lavishly treated their readers to anticipations of growth in the immediate future. Unfortunately, they were not based on time periods counted in months. Even in November 1980, in an editorial discussion published in WIES WSPOLCZESNA [Today's Village (monthly organ of the Peasant Party)] No 1/1981, one of the esteemed experts and leading figures of our economic life (we omit the name not for reasons of courtesy but because we are not able here to indulge in detailed polemics with the author) in a tempestuous dispute attempted to convince us that we can overcome the imbalance on the meat market (and at that time there was a record consumption of meat amounting to 73 kilograms per person) by increasing production and by consuming an additional 5 to 7 kilograms of meat. In 1982 we actually achieved 58 kilograms, and in 1983, according to the National Socioeconomic Plan, we should achieve 55 kilograms.

Would it not be well to stop to consider why we have this poor planning, this inability to foresee even a short period ahead? Could it be that this is due to external changes? After all, these conditions did not deteriorate that much in comparison with what could have been expected.

The Myth of Normalcy

The accuracy of our plans and forecasts for the future depend on a keen view of the problems of today, and particularly on a sober and correct evaluation of the causes which shaped it. Gaps in understanding and seeing reality are usually filled by various myths, and the myth which mainly falsifies our picture of reality today and paralyzes the forecasting and planning of the future is the myth of normalcy.

There is absolutely no doubt in anyone's mind that our economy today is not in any state which could be regarded as a permissible norm; at least on this one question there is completely unanimity in our nation.

But our assessments carry the conviction that this deviation from the norm alone fits into some kind of standard of normalcy, permissible and recorded by our own historical experience and that of others (we have had economic crises in the past, we have a crisis today throughout the world, inflation also, many are in debt, and work accidents happen to everyone, etc.). These assessments carry the conviction that today's deviation from the norm does not in any important way sever contact with the experience of others, nor does it constitute an important disruption of the continuity of our own development. It does not disparage, to a large degree, our own experiences, and it does not, in short, create a unique or unprecedented situation calling for an equally unprecedented and unique solution.

Our assessments carry a belief in the maintenance of economic normalcy, and this in turn gives rise to a belief in the effectiveness of normal measures for restoration of this temporarily-lost ability to develop. It would be well to take a look at economic reform from this viewpoint.

Can Reform Integrate the Production Apparatus?

The decisionmaking mechanisms of reform must operate today under conditions of an unbalanced money market, and therefore, in a market which (aside from agriculture) is of a residual form. This crippled, residual market does not back the producer and seller to a wall of reduced demand and it does not exert pressure for a reduction of social outlays for production and quality-improvement of products. It does not eliminate the wasteful or unproductive and it does not reward the economical and productive; it creates conditions which make for easy sales of products.

The profit obtained by enterprises on the sick market does not often reflect the efficiency of their operations as evaluated from the standpoint of the entire economy, and even where it reflects efficient operations, it has no connection with their investment needs, as seen from the standpoint of the entire national economy. High profits occur today in those phases of production which have an excess production capability in relation to what the country has available in the way of material supplies. Frequently these are precisely those fondly-embraced final phases of "market production." Yet investments today should be made primarily in the bottlenecks in supplies, since this is what will assist most in the reintegration of the production apparatus, yielding high multiplying results in the entire economy. But that is exactly where profits are often low.

All of this means, however, that the fundamental principle of economic reform, which would prove itself in a normal, balanced economy, and namely in the financing of investments out of the profits and amortizations of the enterprises, does not, in our economic situation, meet the specific economic needs which the

abnormality of this situation gives rise to. It does not favor the reintegration of the production apparatus, since it introduces a tendency towards duplication (financing investments out of amortization), or even towards intensification (financing investments out of profits) of the disruptions existing in the basic production structures.²

The unbalanced market, therefore, blocks all possibilities (which economic reform would have under other conditions) of reintegrating the production apparatus. But without the reintegration of this apparatus there can be no talk about a significant acceleration of a growth of production, and stagnation--or a very slow growth of production--is not a factor of indifference for the future fate of market balance.

Can Reform Rebuild the Market and the Monetary System?

Under conditions of stagnation or a 2 or 3 percent growth of net production over the entire national economy, more, and perceptibly more (threshold of sensitivity) would have to be paid in the individual enterprises only to those workers who significantly increase their productivity (this productivity to be measured by the net production and not the sold production of the enterprise). On the other hand, the wages of all others would have to be maintained at a steady level, or even reduced. Obviously, this procedure is impossible from many standpoints, but this means that under such conditions strong objective factors are operating which compel payment for a growth of labor productivity through activation of an inflationary mechanism. This, generally, goes totally unnoticed. In seeking the causes of inflation we are all occupied with looking for loopholes in legal regulations, "asocial" managers, and other real or imagined causes of a subjective nature.

Obviously the inflationary growth of wages carries with it an inflationary growth of prices and, in the last analysis, we have a "demand" and a "costs" inflation, as one prefers, in accordance with the classic rules of play. And so we do have inflation in our country. Must we fight it by limiting price increases? Of course, but neither does it hurt to think for a moment.

Where money-market relations are concerned we face an exceptional situation. We have two enemies here, not one--inflation, and even more dangerous, a deep imbalance in the money market.

To reduce inflation, price increases must be halted. And so the solution here is unequivocal. On the other hand, market imbalance can be eliminated by two equally logical methods: either by increasing the production and supply of market goods, or by reducing the effective demand of consumers. Restoration of balance through growth of production and supply would be most desirable and socially appealing, of course. However, the shortage of supply in relation to demand now stands at 25 to 30 percent of the populace's expenditures. Under

²The better solution, since it is better adapted to today's economic realities, would be to base the enterprises' investment expansion on repayable bank credits tied to commercial sales of foreign exchange at high rates of exchange.

these circumstances, fighting this shortage with a 2 percent increase in divided national income is like shooting an arrow at an armored tank. Thus a reduction in effective demand is left. No one in his right mind would consider doing this by way of a reduction in nominal incomes, and taxing of incomes also would not bring any meaningful results due to the scale of the problem. What remains is an increase in prices (with a simultaneous redistribution through a turnover tax).

In sum, therefore, we have a unique situation in which we must also think about reducing price increases as a way of halting inflation and about increasing them as a way of restoring market balance. Each of these exactly opposite measures, as an effective medicine for one isolated sickness, is, however, a measure that aggravates the other. Thus, in a situation in which both sicknesses appear at the same time, it is easy to bring about results that are opposite of those that were intended.

No one likes to raise prices, and everyone demands that they be reduced. That is why every anti-inflationary program will have many fathers, and a realistically thought-out program for restoring market balance will be an orphan. And here is where the matter comes full circle.

Sociopolitical conditions as a whole do not, of course, permit a repetition of such an operation as the February price increase. But another rapid intensification of total market imbalance is a fact which cannot be tolerated. An improvement in the food market should not overshadow the overall situation. New and unconventional methods must be sought to restore balance, and a climate of public confidence must be created for these methods. Obviously, this is not a simple and easy matter. But certainly it cannot be expected that economic reform will gradually rebuild the market and the monetary system. This is not the task of reform and neither does it lie within its capability.

What Next?

The inability of economic reform to contend with both these basic problems today--the reintegration of the production apparatus and the restoration of the market and money--is not the result of conceptual defects in the model of reform, the looseness of legal regulations, etc., and in any case it is not mainly responsible for them.

The essence of the matter does not lie in reform, but in the gullible way of thinking about its functions and what it can do; we expect of it what it will not give, because it cannot give it. That is why all of the discussions which are now taking place in our press on the subject of the various details of the current model of reform (decisionmaking mechanisms and instruments of central control, e.g., taxes and allowances for various funds) pertain to important matters, it is true, but these are secondary matters, because the primary matter is that of reintegration of the economy, and this problem reform alone cannot solve, and those who are spreading the illusion that thanks to reform we will quickly return to the 1978 level of production are doing it the worst disservice.

Disappointed faith in miracles usually gives way to faith in compulsion. Disappointed faith in the effectiveness of economic mechanisms will first find an outlet in entreaties and appeals, in order to then pave the way for the relapse of faith in the effectiveness of an order.

Today we are happily at the appeals stage. We are being persuaded to love reform. We are being warned that if we all turn away from it then nothing will come out of it, and we are even being given the "solemn word of honor."

Certainly reform needs love, but the kind of love that a weak and frail child needs. And so it must be surrounded with understanding, and with effective support.

The decisionmaking mechanisms of reform are not able alone to bring the economy out of its deep, structural collapse. The disintegrated production apparatus and the market imbalance are holding the reform of enterprise-functioning in a vise, with each side working to strengthen the grip of the other.

But does this mean that first we must achieve economic balance and only then put through reform? This question was asked several years ago. Is the echo of this question today reaching a wiser listener for conclusions drawn out of several years of experience?

The application of reform, even in these highly unfavorable conditions--the dissociation of production structures, the market, and the monetary systems--was a necessary and wise step. The absence of reform would have still further aggravated our difficulties, increasing the costs connected with the operation of its disintegrated production apparatus which we now have available to us.

The reform of enterprise-functioning, however, inexorably demanded of us (already in 1980) a prior, and then parallel, strategic support by a suitable, central, economic policy. A policy centered around reintegration of the national economy, as a supreme matter, based on a detailed and efficient analysis of the current state of the economy (conducted from the standpoint of identifying severed coproduction and supply ties, revealing bottlenecks and estimating their potential multiplier effect), and guided by a wise and clear vision of the ultimate state. Economic mechanisms of reform should have been harnessed to this policy, making them an important (but not the sole) element in the system of strategic support activities. As an element of such a system, reform would have supported itself.

IV. A Live Language

The blocking determinants of the future, through the 10-year past of the 1970's, and the unique, historically unprecedented character of these determinants, are now the most important characteristic of our economic development. This truth must be exposed not for the purpose of insipid "settlement of accounts" and not in order to harass. This must be done because a clear presentation of this truth is an indispensable premise for a correct assessment of the causes of present weaknesses, and only a keen, honest view of them will facilitate the preparation of programs formulated in a live language, one that fits reality, and thus programs that are effective in the sense that in attacking the basic

elements they will decide the success of the whole. Finally, the truth must be exposed so that the people will understand that it is not what has been happening in our economy during the past 6 months, along with the price increases and economic reform, that is responsible for their hard living conditions, and so that they can appreciate the great difficulty of obtaining even small progress in the future.

However, we seem to be unable to obtain any acceptance for this basic truth. Its contours, which even a year ago were clearer, are now becoming blurred with every passing month; in the uniqueness of our present circumstances, we see ourselves through a thickening fog, made up of myths and illusions.

If gratuitous ignorance were the only source of these myths, none of them would have a long life. But a myth has not one but two parents--ignorance is only its trademark. It finds a father in the "needs of the human spirit," and above all, in the overpowering human interests.

Somehow we do not want to face up to the truth about the blocking determinants of our future over the past 10 years, and depending on intentions and circumstances, we seek an escape from it in various directions. We escape from it "into normalcy", motivated by a concern for "taking heart"; we escape from it into a more distant future, one that is comfortable and does not carry with it any responsibility; and we escape from it into a semi-real world of skewed proportions, exaggerating and demonizing the influence of various factors of a secondary nature on today's economy.

But the matter also has its own purely intellectual dimension and it is this that we want to call attention to mainly. We do not accept the truth also because we are not able to cope with it; we are all (including the writers of these words) intellectually unprepared to grasp its consequences and to face up to the extremely complex problems that today's situation is creating. This intellectual incompetence may be just as much a characteristic feature of the state of mentality in our country as the severe disintegration is a basic, specific feature of its economy.

This is understandable. It is explained precisely by the world uniqueness of the situation in which we have found ourselves, a situation which has caused the "moral" consumption of many parts of our knowledge, which forces us to rethink much of what has been taught us in school. And so this state is understandable. But can it be tolerated and maintained?

First of all, changes are necessary in the methods of thinking and understanding events occurring in our economy. Things have happened here that "philosophers have not even dreamed about," but this means that we must learn to think in a way that neither philosophers nor practitioners have dreamed about. There must be a reconstruction of the intellectual bases of thinking about the economy. Of course, no illusions should be harbored that this will be sufficient to solve our problems. But this is a necessary and preliminary condition. Practice has shown that we cannot move forward without this. We must begin from this.

Planned Economy Versus Market Mechanisms

Warsaw ZYCIE GOSPODARCZE in Polish No 37, 11 Sep 83, pp 1, 4, 5, 6, 7

[Article by Zbigniew Mikolajczyk: "How Are We to Understand W. Herer and W. Sadowski"]

[Excerpts] It would seem that the powerful and uniquely-administered dose of public criticism has already given direction to our actions in the economy, defined the philosophy of management, and that henceforth we will concern ourselves only with orchestrating the actions in this field. Wiktor Herer and Wladyslaw Sadowski, who wrote the article "Do We Understand Our Own Economy?" (ZYCIE GOSPODARCZE, No 23/1983), warn us against such a simplified solution to the dilemma: philosophy-orchestration of actions in the economy.

The article is symptomatic and significant, because it signals the second wind in the ongoing discussion, its recovery from the traumatic phase. The authors maintain that we should take a new look at our moves in the economy. The significance of the article lies in the fact that it appears after a period of altercations which as a rule occurred outside the sphere of theory, the object of which and the directions of possible solutions appeared to be obvious to many, when in reality they are not (and were not).

It is to this area that the authors lead the reader while leaving much to his imagination or inventiveness. Although the article is clear in its general meaning, in some of its statements (and because rather unexpectedly it was burdened with a great social idea) it is ambiguous. The case begins with the formula or metaphor "dead language", which the authors used, inspired by Marx's superb, written with tremendous vehemence, work: "The 18th Brumaire of Louis Bonaparte."

This is an excellent model. Having accepted this, the reader wants to know more. "The 18th Brumaire..." is a penetrating socioeconomic and political study of one of the phases of the bourgeois revolution in France; a chronicle of that epoch and an analysis of social structures; a demonstration of the play of interests of various factions of the bourgeoisie, peasants, proletariat, lumpenproletariat, lower-middle classes, and army; a subtle but also a imposing characterization of a dramatic personae; an example of operation of a splendid research workshop and a demonstration of erudition--historical or literary.

It is no wonder that the wealth of ideas contained in this work attracts attention in our times: anyone who can so thoroughly and accurately examine reality would be very useful to us. However, the trails of this inspiration in the article can be found in the allusions, running in all directions, and in the metaphor "dead language". I have no objection to the first--allusiveness, stimulation of many associations, is a journalist's right. It is also hard to blame the authors for not undertaking--as Marx did, but in his epoch and under his conditions--an analysis on many levels and with the same results. One may follow good examples, but is not obliged to do so.

What Borrowing?

But the fact that the authors confined themselves finally to borrowing the historical figure of speech, which is what I would call the "dead language" formula, cannot be ignored. Particularly, since the main ideas of the article did not need this. But since that is what they did, let us, in their behalf, be consistent.

They have, after all, made us feel ashamed that we do not have our own language. Marx, however, says that "shame is already a revolution." But it is not just moralizing that we are referring to, it is, above all, the explanatory and educational effect that we need so badly and that the author's appreciate. Therefore, let us repeat the idea by Marx quoted by the authors, and consider it more closely so that we know why and who should be ashamed because of language.

"Men make their own history, but they do not make it just as they please, under circumstances chosen by themselves. They make it under circumstances directly found, given, and handed down to them. The tradition of all the dead generations weighs like a nightmare on the mind of the living. And just when they seem to be revolutionizing themselves and their circumstances, in creating something entirely new, precisely in such epochs of revolutionary crisis they anxiously conjure up the spirits of the past to their aid, borrowing from them names, rallying-cries, and costumes, in order to stage a new scene of world history in this time-honored disguise and borrowed language. Thus Luther masqueraded as the Apostle Paul, the revolution of 1789-1814 camouflaged itself alternately as the Roman Republic and the Roman Empire. Just so does the beginner, having learned a new language, always re-translate it into this mother-tongue; but he has not assimilated the spirit of the new language, nor learned to manipulate it freely, until he uses it without reference to the old and forgets his native language in using the new one."¹

This language, the costumes, or ideas, are not just a disguise, but also an inspiration for action. They are important because they accelerate the process of the crystallization of ideology; they supply finished models; and they add splendor and historical legitimacy to new concepts.

In Marx's utterance we see great social processes, history, the development of social consciousness, and above all, revolution. This is lacking in the article being discussed. There are neither the revolutionary transformations occurring after 1944 nor the 1980 upheaval. There are only the 1970's, which, indeed, were a real explosion of bad ideas, and today also some kind of borrowed language in which attempts are being made to describe and explain the economic realities. (Because this language, as a certain mental shortcut--in trying to interpret the article--deals with economic terms and their systems, i.e., theory.)

Let us return to the main point. According to the authors, this borrowed

¹"The 18th Brumaire of Louis Bonaparte," Selected Works, 1947, p 182.

language is the language of an economy that is fully, or almost fully, a market economy. It is linked with a nonexistent system of relations, and in this sense is dead. But because Herer and Sadowski, insofar as our situation is concerned, have lost historical perspective, our "language mistakes" appear *deus ex machina*. And the reader, along with them (but we do not know why with Marx), finds himself stranded.

In order to clear ourselves of the charge that no grounds exist we need only to ask: What is the connection between the quoted Marx's thought and our present reality? Who, after the war, and particularly in the 1970's, "anxiously conjured up the spirits of the past", and what past? Who, when, and how, in assimilating the new language (the principles of socialist management) re-translated it into the mother-tongue (known)--if we are to stay with the metaphorical economic expressions? Indeed, this translation would have been nothing else than a very necessary verification of the unidentified-to-the-end by the known.

We cannot stop at this general, albeit perhaps effective, comparison of ideas, because the authors have transferred the burden of unraveling the problem to the reader and the possible critic. Yet this must be fully done in order to write the history of the economy and economic thought in the Polish People's Republic, and that is not possible here. Let us say in general, therefore, that the new language was intensively promoted, that an "escape forward" occurred. And it could not be otherwise because the aim was to build the economy on new foundations.

The essence of the problem around which Herer and Sadowski are revolving lies in the fact--and this should be stressed at the very beginning--that in the past there was no translation of this new language into a known language, i.e., a language of market economy. That is why the new language depreciated during the 10-year period and finally discredited itself in the 1970's. That is why the old, proven, language became attractive and useful.

The authors do not put forth the problem in this way. But the significance which they seem to be ascribing to the relapse or the new invasion of shades of the past in understanding and thinking about economic reality, the connection of this with the critical nature of the changes in our economy and their concepts, leads us to just such a trail. Marx's thought, quoted by Herer and Sadowski, on borrowing from past revolutionaries and reformers, also encourages us to go down that road.

After that part of the article in which the authors describe the current symptoms of a "dead language," they return to "The 18th Brumaire..." and quote the thought on the nation believing that it had achieved a more rapid power of action, suddenly finds itself set back into a dead epoch. Then they write about the disintegration of the system of relations to which we have become accustomed during the 10-year period. This would seem to mean that they are dating this dead epoch to the period before 1980, into which our present practices are transferring us. The fact as presented alone deserves comment, but it is not clear as to which language of this epoch is being referred to: market, socialist-planning, or still another?

But this does not end the matter because the authors somehow identify these languages when they compare reform and its functions with the present, disintegrated and unbalanced economy. They do this by answering the question: Can reform integrate the production apparatus and can it restore the money market and the monetary system? On this point Herer and Sadowski talk about the usefulness of a market language, on which the concept of reform and the commodities ties, which it is supposed to revive, depends.

"The application of reform", they conclude, "even under these highly unfavorable conditions--the dissociation of production structures, the market and the monetary system--was a necessary and wise step. Lack of reform would have further aggravated our difficulties, increasing the costs connected with the operation of this disintegrated production apparatus available to us today." But reform, they continue, demanded a prior (as of 1980) and then parallel strategic support by a central, economic policy, based on a detailed and efficient analysis of the current state of the economy.

Finally, if we intend to describe Herer and Sadowski's thoughts from the standpoint of revolutionary hindsight, they express an opinion which is in opposition to both the concept that "the market will pull us out," and the belief that reform alone (based on utilizing market ties) can do this. In effect, they express a fully-developed proposal demanding a well-associated (mutually translatable) market and nonmarket language in the form of an effective central policy program.

"The inability", Herer and Sadowski write, "of reform to contend with both these basic problems--reintegration of the production apparatus and the restoration of the market and money--is not the result of conceptual defects in the model of reform... The essence of the matter does not lie in reform, but in the gullible way of thinking about its functions and what it can do; we expect of it what it cannot give, because it cannot give it."

The authors arrive here at the matter which is now crucial--the accomplishment of structural changes in the economy, without which the success of reform is questionable. To regard reform as a universal remedial measure may be an expression of bad faith as well as naivete. But their proposals are confined as a rule to the question of a gullible way of thinking about the economy, dead language, etc.

Let us attempt, therefore, to consider this nightmare and its origin. The fear arises that that which is supposed to explain the situation itself is unclear, and in any case, not fully explained.

Dead Language - Is This Something New?

In the introductory portion of the article, Herer and Sadowski convincingly explain that the crisis which our economy is now experiencing is not the crisis that we know from economic history and theory, a crisis which was connected to the business cycle and was a form of economic recovery. Because our crisis was caused by totally different causes it is not susceptible to any kind of adaptive, healing processes (naturally, adaptive processes peculiar to the classic crisis, otherwise the thesis would be unacceptable--author's note).

It is the same, the authors say, with inflation. "Our" inflation is different from the classic one, because the latter does not ruin the market and disrupt the functioning of money. Other concepts from the "dead language" which are not congruent with reality are: real wages, parity of incomes in agriculture and outside of agriculture, monopoly, price flexibility in farm production, etc.

It is in these areas that the authors find confirmation that in describing and attempting to solve our problems in terms of the market economy we are borrowing from the past and (assuming that the "dead language" entirely penetrates our thinking and acting--author's note) we are staging something like a farce in attempting to achieve economic recovery because suitable relations for this no longer exist. Herer and Sadowski maintain that this language is not "a symbolic disguise borrowed from the past in which we are really staging a new scene in history. We really think in this language which does not fit the realities; it is the symptom and the product of bad thinking, and its deadness proves that our picture of reality does not agree with its true form, that it is false and a hoax."

"There has been a disintegration," the authors write further, "in the certain system of economic relations to which we have become accustomed through decades, transferring us into another world, into a new and unique reality not experienced so far either by us or by anyone else. As if incapable of noticing and identifying the changes that have occurred, we are populating this reality with the shadows of nonexistent relations."

The situation described is indeed exceptional, the real economic (and other) relations are muddled, which in turn, in a manifold way, has an effect on how they look and how they are interpreted. The latter, I think, has also spread to Herer and Sadowski--in some realm they have fallen victim to an optical illusion. They write about the disintegration of a certain (although they do specify what kind) of system of relations.

In my opinion we are referring to the same system (in the sense that it retains its basic features), only that it finds itself in another position: Jan, who sprained his leg and cannot walk, is still the same Jan, although now he is wiser for the experience and undoubtedly had been shaken.

Let us consider, what kind of system is this? It seems that this is important if we are to develop the topic into which, willingly or not, Herer and Sadowski are leading us. The overall characteristic of the system, which is our economy, is temporariness, the middle position. This reveals itself in many dimensions. Here are some of them, cited only to call attention to the problem.

The Polish economy, insofar as level of development, social labor productivity, are concerned, occupies a middle place between the most highly developed countries and the countries with the lowest development. A closer definition of this position is not important in these considerations. Insofar as management methods are concerned, our economy bogged down in the transition from extensive methods to intensive ones. A relatively highly concentrated nonagricultural production and a scattered and poorly-equipped (technically) agricultural production come together in this economy.

From the standpoint of changes in the political system, the Polish economy is in a transition stage from capitalism (underdeveloped) to socialism--to use the popular term. This economy is made up of different types of ownership: the socialized economy, which predominates, and the private economy, which must be taken into account. This makes for specific conditions in the coordination of planning in general with the market. The problem of effectively controlling the economy so as to harmoniously link planning with the market is still unsolved. We do not make full use of either the benefits of planning or of what market levers can give us.

It appears that transitional, middle forms dominate in structure, in social stratification. Prior to 1944, two-thirds of the population was linked with small-scale ownership. Postwar social and economic transformations led to a reduction in this middle layer. But at the same time, there was a rapid growth of a new middle class, a "white-collar" class, to use C. W. Mills' term. This manifested itself in a growth of administration-office workers, not only in enterprises but in all other directly or indirectly-related fields. Add to that the numbers of teachers, workers in services, trade, administration, cultural institutions, etc. At the risk of some generalization, it may be assumed that the position of the majority of society was "averaged", both as to its influence on the economy, including the management system, and, in view of the material and social situation, as to its access to work, culture and education.

This system arose and was shaped in structures of a poorly-developed economy; in a society which was on the eve of revolutionary changes but was finally catalyzed by war and postwar transformations in Europe and in the world. Thus the government from the very beginning was required to achieve successes rapidly, successes not promoted by very many factors. This led to voluntarism and a loss of control over the processes which the government had set in motion. The results of the functioning of such a diverse system, combined with changes in living conditions, social awareness, and outside influences, should not have been surprising.

Let us return to our deeper analysis of the "dead language". The terms relating to the macroeconomic sphere occupy first place in its lexicon: crisis, and inflation. (In general, based on Herer and Sadowski's analysis, it may be determined that the deadness of the language manifests itself in contact with the macroeconomic sphere.) Where understanding the crisis is concerned, the incompatibility of the language with reality is manifested most clearly. The economic processes, as the authors show, do not propel the mechanism which forms healthy macroproportions in the economy.

Comparing this with the state 10 or 20 years ago the question must be asked: Did this mechanism then operate correctly in relation to the market? If not, did other methods of ensuring proper proportions not contain the seeds of the formation of the crisis?

(A side-note: an economic crisis, symptomatically described, is that disturbance of proportion which produces extensive disruptions in the processes of reproduction, a decline in production, and specific social repercussions. In this sense, acknowledging the accuracy of Herer and Sadowski's differentiations, "our" crisis

does not differ from the classic one. "Ours", as distinct from the latter, is as a rule the result of the operation of nonrecurring and unidirectional causes. As a result, the growth of the crisis extended in time, and produced very severe disproportions.

If now, in investigating the crisis, the deadness of the language reveals itself, this does not mean that previously we used a language that fitted reality (theory); because where would the crisis have come from? It means, first of all, that the language used earlier had not been subjected to the severe justification that the present one has. Whereas the term economic crisis itself was not applied, because prior to 1980, production, despite various disturbances, always indicated a higher or lower growth rate.

Protection against a crisis cannot be a priori acknowledged to be an expression of language adequacy, an applied economic concept. This was mainly the consequence of particular management conditions, existing structures, amounts of resources, the development phase in effect, etc., and above all (until the beginning of the 1970's), some kind of restraint in creating demand for means of production and consumption, always strong in a socialist economy, as we know. Naturally, various economic strains occurred (and not just economic strains), but until the early 1970's, the limits of the capability of the economy (and the entire sociopolitical system) to balance demand above which a general regression in production becomes inevitable, were not exceeded.

There were many more reasons for concern about the essence of our inflation, but here--as the British say--things were not so bad (so far) that they had to change, that they required irrevocable attention. I gave a general explanation of this stance earlier. Furthermore, doctrinal and prestige aspects played a part here, did they not? Socialism, planning and inflation? Let us not forget the unwillingness, as a result, to borrow from the past, which, in this respect, has too long a history to recite it here.

As concerns other market-economy terms, they were used with the connotation "in contradistinction" or "have a different meaning." It is hard to agree with Herer and Sadowski when they write that now we are populating the economy with shadows of nonexistent relations. This is a time-worn ruse. What else was the application of interest on resources, the bank interest rate, etc., which we tried to make permanent, counting on the fact that by using them we will reduce resource-intensiveness and accelerate the rotation of funds? What else were prices, when a factor that was really expensive was priced lower than a cheaper one which was actually a substitute, when the retail price of meat was lower than the procurement price, etc.?

All of these functioned either in nonexistent relations, or in relations that had been drastically modified by planning, central disposition of funds, by comprehensively modified positions of producers and consumers. The concepts belonging to the new, planned-socialistic language also turned out to be shadows of nonexistent relations. The nation's moral and political unity could pass as their crowning synthesis.

Possibilities That the Economic Language Will Atrophy

It appears from what we have established thus far that language deadness also refers to the past. What kind of language was this?

From its foundations burdened with eclecticism and the possibilities of far-reaching astigmatism of its component parts. From the very beginning it was formed from two languages, from concepts derived from the world of planning, the shaping of relations of proportions *ex ante*, i.e., more or less developed anticipation of the results of production and economic activities, mirroring *ex post* results of production and economic actions. This corresponded, and corresponds, to the real relations which combine in themselves the elements of a socialist, planned and market economy.

None of these component languages is universal, although it may appear in this role; each has its own scope and function. The function of planning is the transcendent, conscious (but not unrestrained) shaping of the situation in the economy according to envisaged goals: the function of the market is to verify the directions and methods of utilizing available means. The plan reflects the more or less defined possibilities, while the market functions on the basis of accomplished facts and that it is why its judgments are peremptory. Planning is a way of shaping events; it makes use of the signals (judgments) of the market, and tries to keep up with events. Planning is saddled with mistakes in assessment of possibilities, but it makes it possible to run forward, to overcome the existing state and structure; the market gives complete certainty in assessment of the current situation, but it also determines the future, the rate and even the possibility of changes in existing structures.

Through practical verification of the opportunities that the market and plan create in functioning and development, the principles of the complementarity, the combining of these solutions, become clear (but not immediately). This process is begun by the limited (in the face of the goals that people place before management) efficiency of market mechanisms, when they prevail in the economy. The co-existence of the plan and the market alone does not guarantee success.

The fact that a disintegration of the production apparatus and the economy has occurred proves that the concept of combining languages being implemented, the inevitable, however, some kind of synthesis of the plan and market language, was unsuited to reality, and this had been true for a long time.

This may be explained only by the fact that the plan was not, to the end, a plan, or the market a market, that these two spheres, two languages, limited themselves and mutually put up with their natural functions. Staying with the language formula that Herer and Sadowski are drawing us into, this can be excused by the fact that there was no translation for the language of the plan into the language of the market, and the reverse; a continual, as Marx says, translation of the tasks of a new situation into a native, or known, language.

But here the explanatory role of language metaphors comes to an end. New questions arise: Why, and how long, can we use this falsifying language?

The actual problem does not consist merely of ensuring the translatability of languages. It presents specific difficulties, but it remains a question of a technical nature. The point is that between these two differing, but connected, languages in the field of management, the differentiated interests of the participants in the economic processes have entered, and are entering. In practice, language deadness has an absolute character: In one sphere (for some) this language distorts the picture of the economy, in another sphere (for others) it is live and fits the reality.

Everything indicates that deadness of an economic language is a superficial phenomenon. In and of itself, there is no dead-language problem. The problem is: How do we express a thorough knowledge about reality in any language, how does this knowledge arise, and how does its use affect the interests, aspirations, etc., of participants in the economic processes.

But an analysis of this phenomenon demands a solution and the charmed circle of language metaphors. However, Herer and Sadowski are attached to this: they actually begin with a dead-language lesson, and end their article by calling for a live language. And they behave quite enigmatically, because they notice the connection between the dead language and human interests, and actually mention it. They see important problems in our economic life and display them, after which they stop talking as if they were waiting for a cry of horror. Meanwhile, this is part of the problem.

An example of thinking in the dead language is the reduction in employment during 1980-1981. "Believing," Herer and Sadowski write, "this textbook character of our crisis, and in anticipation of this unemployment, we allowed half a million people to elect early retirement, creating a bottleneck which, together with those that we inherited after the 1970's, and with a disintegrated production apparatus, has given us the accumulated, negative multiplied results throughout the entire national economy."

This is an example in which, as in a lens, questions of the economic language are focused, of the relations in which we are using this language and others, which relate to the subject "do we understand our own economy." That is why we must devote some attention to it in the conviction that we did not make mistakes in managing because we were thinking in a dead language, one that did not fit reality, but because we did this (and perhaps are still doing so) without the proper understanding, without recognizing economic and social reality in all of its dimensions. It is to Herer's and Sadowski's credit that they exposed this problem to the light of day.

Confused and Difficult, But Normalcy Nevertheless

It is not hard to notice that in my deliberations I tried to remove the stigma of total abnormality which marks the assessments of our economy. But I would protest sharply if this were to be regarded as the spreading of cheap optimism. Anyway, optimism cannot flow directly from the fact that I attempted to reconstruct the genealogy of events ascertained by Herer and Sadowski. If there is any kind of optimism there, it is only that specific people, in specific, explainable, situations, caused the confusion and will have to unravel it. The first has already taken place, and the second--although more difficult--is within their power.

I share the authors' view that there must be a reconstruction in our thinking about the economy. This is an essential introduction to effective orchestration of management, which neither they nor I have arrived at. And it was in this spirit that I attempted to do something in presenting an often-different approach to the issues that were raised.

This applies also to Herrer and Sadowski's summarizing statements, when they write, "Somehow we do not want to face up to the truth about the blocking determinants of our future over the past 10 years, and depending on intentions and circumstances, we seek an escape from it in various directions. (...) The matter also has its own purely intellectual dimension and it is this that we want to call attention to mainly. We do not accept the truth because we are all (including the writers of these words) intellectually unprepared to grasp its consequences and to face up to the extremely complex problems that today's situation is creating."

I have already expressed myself as to the time-frame determinant of our present situation. An unwillingness to face the truth and an intellectual inability remain.

And so, in my opinion, the economic truth itself has for several years been looking squarely at us, forcing itself into our consciousness and into our pockets, breaking down the unwillingness. Naturally, this is inevitably accompanied by social disarray, dissociation in the intellectual, political, etc. sphere, and a contest of interests. The result, as always, is that those who take active positions on various manifestations of reality strive for success, or little triumphs, variously understood, in any case. In this role they resist facing up to the truth. This belongs to the area of ordinary, cognitive determining factors.

But this fact does not constitute entitlement to the peculiar kind of agnosticism which, it appears, the authors are indulging in. The determining factors change, but they always appear. But intellectual activity can and should ensure a specific autonomy for itself. Moreover, the socioeconomic situation established is extremely useful for a deeper understanding of reality. Marx notes that scientific analysis proceeds in a directly opposite direction than actual development. It begins with the finished results of the developmental process,⁶ the results of a developmental process in which a plan was not a plan, and a market was not a market, are known.

That which previously had scarcely been noted, or had been hidden, was exposed, favorably and unfavorably. The nonessential factors which made knowing awkward, and which suited that situation, also disappeared. It is true, as I said, that new ones are appearing. But the new social situation resists those restrictions.

This can be illustrated quite simply using the example of balance in the economy. As we know, two elements appear there: economic balance, and connected with it, social balance, which is decisive in an assessment of balance. What

⁶"Capital," Vol I, p 80.

is important is not just the balancing of a quantified demand and supply, but also the level to which the vast social needs are satisfied, and the relation of different social groups to this. Generalizing, until 1980 we were dealing with facts or tendencies to sacrifice one balance for another, and in the 1970's, we were sacrificing economic balance for social balance. After 1980, an arrangement arose in which social balance is a condition for the attainment of economic balance, and the reverse.

This is a favorable situation, for it excludes "simplifications": voluntarism, intellectual and normal bungling, for it envisages a bilateral effort in obtaining balance, to say nothing about the price that has to be paid for this. But this has already occurred. Therefore, we must draw all possible benefits from this difficult and costly normalcy.

In the ordinary sequence of things, this situation has two aspects or tones: a paralyzing one, and an activating one. The authors basically take the minor tone. However, all kinds of knowledge, including social knowledge, flows from experience, even the most difficult. Thus even our unique experience can be forged into equally unique knowledge, and then into action. Together with what I previously called the middle position in the development process, which is where we are, this is a strong incentive to move forward. Anyone who remains under the influence of lofty civilizational achievements, and on the other hand, wishes to make them available to everyone, can achieve a great deal. Provided that in being up to this honest intellectual and organizational effort, he understands and senses what he is achieving, and that everyone, from his social position, recognizes the facts for what they are.

This is the essence of the matter. Social reality is very complicated. Deep assessments of reality are just beginning to be formed, and their dissemination is encountering many social obstacles which I, along with Herer and Sadowski, am noticing and counting on the fact that our (and that of others) exchange of viewpoints will help to remove these obstacles.

Herer and Sadowski, to enhance the mood, or perhaps even to produce a mobilizing dread, began with a quotation from "The 18th Brumaire." To relieve the mood, I will end with it. After all, "The 18th Brumaire" is a work in which at least a dozen inspirations can be found for articles such as this one, or the one to which this one refers.

"Proletarian revolutions... criticize themselves constantly, interrupt themselves continually in their own course, come back to what had apparently been accomplished in order to begin it anew, deride with unmerciful thoroughness the inadequacies, weaknesses and paltrinesses of their first attempts, seem to overthrow their opponents only in order that they may draw new strength from the earth and rise against them more gigantic than before, recoil repeatedly from the indeterminate enormity of their own aims, until the situation has been created from which retreat is impossible, and the conditions themselves cry out: *Hic Rhodus, hic salta!* [put up or shut up]."⁷

Put up or shut up!

⁷"The 18th Brumaire..." op.cit., p 185.

PROVINCIAL BLUE COLLAR ACTIVITIES REPORTED

Workers' Views Considered Important

Katowice TRYBUNA ROBOTNICZA in Polish 30 Aug 83 p 3

[Interview with Stanislaw Lowicki, motorman at the Volvodship Transportation Enterprise, member of the PZPR Central Committee, by Danuta Olejniczak, in Katowice: "What the Workers Say is Most Important"; date not specified]

[Text] When I came to the streetcar shed in Radzionkow on a nice Saturday morning, I found there not only my interlocutor, but the director of the enterprise, Henryk Zarek, and several other persons as well. They were discussing some current business.

[Question] I did not expect to find this many people here. Is this by chance or by necessity?--I addressed Comrade Lowicki.

[Answer] I would call it normal necessity. Urban transit must, after all, work ceaselessly, streetcars and buses must also run on Saturdays, Sundays and holidays, day and night. Besides, we are only one of many enterprises operating around the clock. Many of those can be enumerated, the iron and steel industry, to mention just one....

[Question] As far as I know, you, comrade, have recently visited two steel mills in Katowice. What was the nature of these visits?

[Answer] Yes. Several days ago, I visited the Zygmunt Steel Mill and as recently as yesterday the Bobrek Steel Mill. I am still under the impression of these visits, and not because I am not familiar with the conditions of work in the industry. Before I became a motorman, I worked for more than 10 years as a foreman in one of the more strenuous shops. This was the sandmix shop at Zygmunt. Therefore, I went there with more peace of mind, but I did not know how the visit at Bobrek would turn out. As is known, the situation is difficult, and iron and steel industry workers work very hard. Meanwhile, they absolutely surprised me.

[Question] In what sense?

[Answer] In the most positive one. I visited the steel shop, the coking plant, the rolling mill and the blast furnaces. I talked to workers on their jobs. Everywhere I was greeted with unusual cordiality. I listened and asked them about everything of concern to them which I, as a member of the Central Committee, should relay to the superior authorities. For example, Franciszek Rozanski, cinder snapper at "A" blast furnace and Stanislaw Nowak, first smelter at No 1 open hearth furnace, asked me to convey heartfelt greetings from the workers. I promised to do it and did it immediately after the meetings through the services of Comrades Messner and Rauszer, who that very day accompanied the general in the shop of the Baildon Steel Mill. The workforces of both steel mills are working smoothly, despite especially difficult conditions now created by heat. What do they think about the calls for a slowdown? They said, this is not for us, work and once again work is what we need. The slogan of "snail's pace" is nonsense. A work boycott can only exacerbate the situation of workers.

[Question] Let us say that your story sounds very optimistic. Is not it too much so? Was the meeting with workers at Bobrek staged?

[Answer] By no means! I arrived there without an appointment, produced my card and walked in. I had to wait until the [party] secretary, who was visiting a shop, was found. We proceeded together, I came up to people whom nobody indicated to me. I wanted to climb a ladle crane which was under repair at this time. I also talked with the Metallurgical Establishment Repair Enterprise [HPR] crew, which was repairing a furnace. They said they knew how needed the furnace was and that they would try to finish the job as soon as possible. Wet and smeared all over, they had the courage to talk about everything, they joked. Later on, after the visit, it turned out that among my interlocutors, who were by necessity random, there happened to be only one party member.

[Question] What were the concrete talks about? Were there tough issues, the still ubiquitous complaints of shortages, the problems upsetting the people? Maybe common language was lacking?

[Answer] I also was apprehensive about this, but needlessly so, as it turned out. It is important to go directly to the workplace. The people need open personal contact with the representatives of authorities. They want to relay their problems, whereas we want to learn about them. There were difficult issues, here are some examples. It was pointed out to me with concern that the lack of purchasers for coke-oven tar can restrict the production of coke and coke-oven gas. Simultaneously, this entails the threat of reducing the production of the coking battery and rolled goods. This was the foremost issue. Besides, for a longer while there has been no tea in the enterprise shop, and the city shops do not have it either. As one knows, a steel mill worker would also like to drink some tea after putting in a day. Obviously, there was the issue of terrible particle pollution in the blocks adjacent to the mill, which is not only hard on the housewives, but more importantly makes health conditions deteriorate.

There were no general complaints. It is tough, they said, but it is better than 2 or 3 years ago. And there is hope...

[Question] Is this to mean the acceptance of the current policy?

[Answer] Yes. After all, this was not the only place where I heard that what General Jaruzelski is doing is right, as long as his line is not watered down and softened by others. This was also said in the context of the issue which is one of the most upsetting for hard-working people: Why cannot anybody put to work those who do not work, but live better? Do not issue ration cards to the parasites, do not feed them, force them to work. Personally, I also feel that way and in this instance I agree with the people whom I talk with. But what are we to do--it is known what the party concept was and how it was watered down through the efforts of some Catholic Sejm deputies. But after all, this is our supreme authority.

[Question] Is the situation and the support for work the same in your streetcar shed?

[Answer] The entire Katowice Voivodship Transportation Enterprise [WPK] employs 13,000 persons. Out of these, 6,200 persons form the largest trade union in the country. In the Radzionkow streetcar shed, the work force numbers 728 employees, of whom 560 are union members. At the bus enterprise in Rozbark, 220 out of 429 employees belong to the trade union. These statistics show that the trade union leaves nobody one on one with his problem, that there is a lot to be done in the sphere of workers' interests, especially in improving conditions on the job. For example, in the bus depot the conditions of work are extremely difficult, but the results are good despite this. In my estimation, all the services are operating normally; nobody slowed down the pace of work and is not considering it. As for our difficulties, those are a real curse. First of all, there is a permanent shortage of tires, natural wear of vehicles and also wages and the lack of those willing to work in the profession that the wages entail. A motorman or a driver must get up at 3 am in order to start the run at 4 am and take people to work. In their nominal worktime, a motorman makes 10,000 zlotys, a driver--11,600 zlotys. To be sure, they bring home more than that, but they work up to 280 hours a month.

At this time, director Zarek came up to us and, having overheard the conversation, remarked:

Do you know what the one working his 180 hours is called around here? A shirker! On the average, one works 240 hours. Here, in Bytom alone, 30 drivers and 35 motormen are lacking.

[Question] However, passengers often justifiably complain about those driving the vehicles, though one can notice, especially as of late, numerous cases of good will and politeness towards passengers.

[Answer] [Zarek] Yes, both statements are true. Not all the employees are the best, though we would like to have only those and though we are one of the enterprises where social and our own internal oversight of the work is the most far-reaching. This is a complex problem, the reasons for which I would classify under a description "unattractive job." Calls to boycott work or public transit are foolish, and this is how we see it: if fewer people take the streetcar, so be it, it means that the driver's job is easier. But who profits by this?

[Question] The answer to this question is known to a considerable segment of our society and to those in the subversion centers in the West. How do you--I am again addressing Comrade Lowicki--view the calls of the Kasebred opposition?

[Answer] Walesa should take up honest work and devote more time to it rather than engage in politics. Who gave him the right to speak in the name of an entire people, to support American restrictions against Poland and to convey this to congressmen? After all, this hurts the workers and the society, who want to live normally off the fruits of their labor. How can he consider himself a leader of the workers, given all that? He has no right to be that. Both he and the entire opposition are people who have understood nothing from history, both recent and more remote. Our workers, though perhaps not all of them, know how large a blessing a job was before the war and what a disaster the lack of a job was. They know how difficult it was after the war and how much has changed over the 40 years of socialist Poland, though a lot still remains to be done.

[Question] Did you also encounter this opinion among the workers? What is your view of opposition in Poland?

[Answer] But of course. I am often asked how it happens that Walesa, allegedly a worker, is driven to work in a Mercedes by a private chauffeur? How can it be that he has more than one car and a dollar account that high? Perhaps he still has his sympathizers. However, the popularity of the leaders of Solidarity, which was manipulated from behind the backs of the workers by various advisors, extreme elements, KOD [Committee for the Defense of Workers], Michalik and others, has decreased appreciably. Along with this--and rightfully so, in my opinion--the workers want to preserve and do preserve what was correct in the August protest. As for the opposition, it exists and will exist, because we may not be able to cope with it over a year or two.

I think, however, that what the workers are saying is most important, and above all, that they want to work and are working. Along with this, while carefully scrutinizing the endeavors of the authorities, a great majority of them are convinced that the authorities will do everything to make life better.

[Interviewer] Thank you for the interview.

Work Cadre Job Fluctuation Noted

Katowice TRYBUNA ROBOTNICZA in Polish 31 Aug 83 pp 1, 4

[Article by Jan Czipionka: "Not to Lead by the Hand, But to Help Concretely"; passages in slantlines printed in boldface]

[Text] It was ascertained in the course of research in 1980 at the enterprises of Katowice voivodship that labor turnover among young employees in some cases was as high as 20 percent annually. The largest numbers of new employees switch jobs in retail trade and construction. The reasons for trying to find a new job are different. Wages that are too low, the lack of housing, strenuous commuting and work on three shifts are usual factors in this decision. However, difficulties in adjusting to new conditions are the main reason for a young person to look around for another job, especially if he is a school graduate and the job is his first.

In Katowice voivodship, / more that 46,000 young people who have just graduated from school will join the labor force for the first time this year. This is a sizable infusion of new labor, especially if we compare this statistic to 50,000 vacant jobs. In accordance with regulations, employment departments of the territorial organs of state administration will refer this year's graduates to jobs corresponding to their training/.

The next stage of the employment policy is carried out in particular enterprises. /The first contact with the job often determines whether the graduate will adapt to the enterprise/ or will start thinking about switching jobs from the very beginning.

Programs of socioprofessional adaptation of graduates were worked out as early as the beginning of the 1960's. /Guidelines for treatment of a young person starting in a job were elaborated on the initiative of the voivodship organization of the Union of Socialist Youth in Katowice as the first in the country/. For years, they have been implemented with mixed results. /Early this year, it was stated at a meeting of the Executive Board of the PZPR Voivodship Committee in Katowice that an up-to-date exemplary program of socioprofessional adaptation must be worked out. This program, when appropriately modified, could be used in various enterprises. Such a program has been elaborated in detail by the team of the Orientation and Vocational Counselling Center at the Voivodship Office in Katowice/.

The program assumes that the process of adaptation is an individual phenomenon, both with regard to the mode and time frame. The goal of the process is to recognize the linkage between the professional role a young person happens to fulfill in the production process and the social role of the recently hired employee.

The main factors in proper adaptation are paying special attention to the recently hired employee, /outlining to him his professional prospects/, including wages, /assigning him from the very beginning detailed tasks/ corresponding to his qualifications and training. A rapid /acquisition of the feeling of belonging to the new community/, acceptance by the milieu and mutual understanding are the prerequisites for stating that the process of adaptation is running correctly.

Appropriate /oversight/ of the initial period of employment, /flexible response to the suggestions and remarks of the employee/, are important elements of integrating this employee into the work place. The next stage of the adaptation program consists of enhancing professional knowledge and according the young employee an opportunity to improve his skills.

The authors of the program expect that its consequent implementation will considerably decrease the turnover of the much sought-after employees.

One of the specialists elaborating this compilation of principles, Jozef Clerpial, the deputy director of the Employment and Social Affairs Department of the Voivodship Office in Katowice, informed us that the program worked out by the team had been distributed to all larger enterprises in Katowice voivodship. The role of the offices does not stop here. /The idea is to see to it that another valuable initiative does not stay only on paper in practice/. Personnel offices of particular enterprises must take care of the implementation of the program. On its part, the Employment Department has introduced this topic into oversight inspections carried out at enterprises. If a given enterprise declares a considerable need for labor, receives a corresponding number of people due to the effort of employment offices, and in a year the history repeats itself, this enterprise should be carefully examined. More than 50,000 employees are lacking at this moment in Katowice voivodship. If this shortage can somehow be alleviated, then we could not afford to lose a full-fledged employee due to unconcern and the lack of interest in the initial period of his work.

/Every young person who takes a job, especially the first one in his life, arrives on the job with certain ideas and expectations. The main goals of the program are to show the graduate prospects for advancement, improving his skills and to instill in him the conviction that he is indeed needed here/.

Party Member Discussions with Workers

Katowice TRYBUNA ROBOTNICZA in Polish 5 Sep 83 pp 1-2

[Article by (mac): "Conversations with Workers"; passages in slantlines printed in boldface]

[Text] / Over recent weeks, we have on many occasions reported on the daily visits by representatives of central and voivodship party authorities to the industrial enterprises of Katowice voivodship. Members and candidate members of the Central Committee as well as

members of the Executive Board of the PZPR Voivodship Committee in Katowice visited several dozen enterprises in August, talked to the workforces on the most strenuous jobs, met with the party aktiv, trade unions and representatives of management.

From among the many threads of these conversations, several stand out markedly. /The need for uninterrupted efficient work/ is one of them. The fact that this work constitutes a basic condition for improvement in the quality of life, so far unsatisfactory from anybody's point of view, is now commonly recognized. The workers made this point on numerous occasions during conversations, especially those who work in the most difficult conditions, i.e., miners and steel workers.

Therefore, /they highly value good organization and safe work/. Miners from the Dimitrow mine drew special attention to this issue. At the mine, the concern of the supervisors for observing particular precautions and the opportunity of using modern equipment at work are highly appreciated. The workers pointed out many organizational shortcomings that hamper their work. This was the case in one of the most difficult shops of the Baildon Steel Mill--the shaping mill and the drill shop of this enterprise, and also at the Katowice Steel Mill.

A further important issue raised by a majority of workforces is associated with work and its conditions. /This was the necessity of a reform in the system of wages/. In direct conversations with members of the Central Committee the workers debated "how to pay." These are but a few of a tremendous number of issues which the workers sincerely and sometimes sharply discussed with the visiting representatives of the authorities. Many issues involving particular people or jobs were settled almost "on the spot," during the visit. Many other issues have already been taken up by city and voivodship authorities.

None of the issues will be forgotten; they will be considered by the Central Committee of the PZPR and relevant commissions. This is the rationale and goal of these working visits, of meetings which have become one of the most important elements of the practice of governing in our country.

Less Workers Available for Employment

Wroclaw GAZETA ROBOTNICZA in Polish 5 Sep 83 pp 3, 5

[Article by Ryszard Zabinski: "Still Fewer Hands for Work..."]

[Text] The section of the Employment Department of the Voivodship Office in Wroclaw located on Victims of Oswiecim Street is almost comfortably decorated. The walls are paneled with wood. On the walls are color advertisements of the firms which are hardest hit by the labor shortage. There are modern computers for current analyses of the labor market in the offices. This all is for people looking for employment. However, these people

are somehow not on hand in the office. When the director of the department, Stefan Skapski, proudly showed me around the establishment, I could count these people on the fingers of one hand...

Facts Vs. Myths

What is the employment situation, after all? Is it due to earlier retirement that many pieces of equipment are idle in enterprises, because there are no people to run them? There are people who believe that Polish companies with foreign capital and the cottage industry have wrestled the state enterprises to the ground by luring away the best workers. Calls are often heard to drive to honest work those who spend their mornings in cafeterias or form a "wreath" in front of the employment department; then production will get off the dime.

Problems of the labor markets have been obscured by so much misunderstanding, myths, etc., that it would be worthwhile to put the issue into proper perspective. In 1982, the socialized economy of Wroclaw voivodship lost 11,700 employees, or 2.8 percent. The majority of them retired or started drawing annuities; the number of people on leave for child care also grew. Industry, where 5,300 persons left, and construction suffered the most. Employment increased quite appreciably, by a total of 1,800 persons in health care and social work agencies.

The cottage industry gained exactly that same number of employees. It should be noted, however, that this increment accounted for a mere 0.4 percent of the number of employees in the socialized economy of the voivodship. This goes to prove that the cottage industry did not significantly influence the decrease in the number of employees in state enterprises.

Last year, the share of employees in positions other than blue-collar increased to 39.5 percent of total employment. The infamous first places in the field went to retail trade (47.7 percent) and construction (37.6 percent). Your hair stands on end when you analyze the data on the utilization of worktime. In the blue-collar group, almost 17,800 persons, that is, more than 10 percent of the total number of employees, did not work every day in 1982 due to absenteeism (excluding leaves) and lay-offs. In other words, every worker did not work for 1.5 months... Despite that low a utilization of the workforce, the enterprises declared a need in 10,000 employees. It is clear that it was not met.

It is beyond doubt that until the end of this year there will be many more vacant blue-collar jobs than there are people looking for jobs. Currently, the enterprises need 6,700 workers. To be sure, this year they managed to slow down the rate of decrease in employment of the socialized economy of the voivodship, but unfortunately this phenomenon is still taking place. It is estimated that the number of employees in state enterprises will fall this year by a further 3,000...

Decision on the Mandatory Employment Agency

The situation was grave enough to bring on, among other things, a decision to introduce a mandatory employment agency in Wroclaw voivodship. It was decided, as the wording goes, to reinforce the reform by measures of an administrative nature. The yet imperfect mechanisms of the reform did not compel the enterprises to manage labor efficiently. Therefore, great responsibility devolves on the Employment Department, which should refer people to where the economy needs them most as much as possible. The array of means at the disposal of the department is quite impressive. Fast and accurate information is the most important one. Soon, automated equipment will be installed in Wroclaw which will instantly aid job seekers in obtaining the data, for example, about a particular enterprise, about enterprises where good dormitory facilities are available, where metal workers or turners are needed, and so on. Clearly, all of the data can be also obtained now, but the new device will speed up this process. As director Skapski states, creating an appropriate environment in the office is also important. To this end, the interior is decorated nicely and windows are eliminated, so that conversations with job applicants take place in rooms.

As far as the graduates of various schools are concerned, this year they are primarily employed in enterprises of particular economic significance which are carrying out operational programs, and in service units. It has also been established that graduates of vocational schools would be employed in blue-collar jobs with a prospect of promotion to production supervisor and technical support positions. At the same time, graduates of general high schools will be employed directly in production and services unless they continue their education. The Employment Department has prepared for the graduates a compilation of concrete job offers with the prospects of acquiring additional skills through in-house training or attendance at specialized training institutions.

I asked director Skapski about the criteria which would be used in offering employment to the applicants. They are quite clear--enterprises with a labor shortage will be preferred, as will be those producing much for the consumer goods market or export-oriented enterprises. Chemitex, Weltex, Wrozamet, Dolmel and so on will surely belong to this group. Also, the postal service and the railroad should be given a hand; their situation is particularly difficult. I did not get that resolute an answer to my second question, which was: Are you sure that the employment policy of these and other preferred enterprises is adequate?

It is here that we hit the heart of the matter. The labor market is largely shaped by two phenomena: the executive, often unjustified demand of the enterprises for labor and the demographic situation. It is obvious that this market is still suffering from the effect of the unfortunate decision on early retirement, though less than it used to.

The demographic situation is not good. For example, in Wroclaw voivodship, 1,600 fewer graduates than in 1982 and as many as 5,700 fewer than in 1975 will join the workforce of enterprises this year! Therefore, special care should be

taken of fully utilizing each employee. Meanwhile, that is not the case in many enterprises. Early this year, the management of the Employment Department made an offer to the enterprises of Wrocław: If you have too many employees in administration, services and so on, we will retrain them free of charge in whatever skills you desire. The response of enterprise directors was ominous: We will not take you up on your offer yet, because there is no need to... We can retrain our employees ourselves, but we are only now carrying out in-depth reviews of the structure of employment.

It Is Not Only Money That Counts

Very unfavorable tendencies are also evident in the very process of hiring and adaptation of employees. In the labor market, the bidding is on as to who will pay a higher salary. It is a common practice to give newly hired employees higher rates of pay than to those working in a given enterprise for many years. This demoralizes both the former and the latter. These practices have not been put under control by the martial law regulations to the effect that persons abandoning a job should not be given higher wages [than the previous job]. The results of an inspection performed by the Employment Department with an eye to reviewing the compliance with these regulations are interesting. It turned out that enterprises which violate this principle day in and day out had the largest labor turnover! This goes to prove that in employment policy it is not only money that counts...

Being on the subject of money, one should recall that directors who cannot keep labor turnover within bounds, try as they might, justify it by the very low average salary. At one of the meetings, a director of a garment company lamented that his people were making 9,000 zlotys and were, therefore, leaving. It was quickly impressed on him that he "forgot" to add to the 9,000 zlotys compensations and other components of wages. After summing it up, it turned out that the average salary in this enterprise was 12,000 zlotys, or the same as in other garment enterprises...

Complaints that cooperatives where more money can be made rob the state enterprises of the best workers should also be taken with a grain of salt. After the first half of 1983, the average wage in the socialized industry came up to 12,695 zlotys, whereas in the cooperative industry it was 13,164 zlotys. Not too much of a difference, after all.

Is there a way to ensure that the enterprises embark on an adequate employment policy without explaining it away by trumped-up difficulties? Undoubtedly, the reform must make a more resolute advance in that sphere of the economy. For example, the proposal to peg enterprise write-offs to the Professional Activation Fund [FAZ] to the growth of the so-called personnel expenditures, that is, the ones associated with excessive employment, is worth considering. After such economic solutions have been introduced, reform will, among other things, eliminate unjustified disproportion of salaries in various economic sectors. These efforts will be reinforced by administrative measures such as the mandatory employment agency. This variety of measures is necessary, because the agency in and of itself is not a solution.

COOPERATION WITH FOREIGN COUNTRIES ON CHEMICAL PROJECTS

Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 16 Sep 83 p 3

[Article by VWD: "Romania Seeking Chemical Partnerships. Cooperation To Focus on Coal Upgrading and Waste Utilization"]

[Text] Vienna, 15 Sep-Romania's chemical industry seeks to intensify its cooperation with foreign partners to implement its own development plans. In this regard, possibilities of use in third countries are also to play a role. According to a report of the BfAI of Cologne [Federal Information Agency for Foreign Trade], the exploration of mineral raw materials is to become a major area. Envisaged among other activities is cooperation in the fields of ocean biology, ocean bed research, experimental mineralogy and petrography. Further areas of interest are the exploration and exploitation of some oil and natural gas deposits in Romania's shelf region. The exploration of a sea zone covering about 60,000 square kilometers is being planned.

Romania's chemical industry is also prepared to cooperate with foreign partners in order to implement joint projects in other areas of research, technological development and production. Jointly developed products are to be sold to the partner countries or to third countries. The incisive shortages of raw materials supplies as experienced by the chemical industry in the past years are liable to constitute important openings for future cooperation. Fields under consideration are the chemical processing of coal, the utilization of agricultural waste and of waste resulting from the food processing and woodworking industry. Biochemistry and bio-engineering (extracting valuable materials through the use of microorganisms) are also considered promising.

Within the scope of its cooperation with developing countries, Romania proposes to deliver equipment or to execute construction and assembly work, thereby striving for partnerships in projects that are aimed at the processing of mineral raw materials exploited in these countries. So far, Romania has already delivered equipment for the refineries of Banjas, Syria (capacity 6 million metric tons per year), Sarka, Jordan (2.9 million metric tons per year), and Karachi, Pakistan (1.5 million metric tons per year), further the equipment for a complex for the production of super-phosphate

fertilizer in Homs, Syria (450,000 metric tons per year). In the chemical sector, mixed production and marketing companies were founded such as the company Rifil having Romalfa, an Italian company, as partner (joint manufacture of acrylic fibers, knitwear and clothing) and domiciled in Romania, as well as Productora Mexicana de Farmacos in Mexico (manufacture and sale of vitamin C) with five foreign partners, and Romfarma (drugs and cosmetics) in Spain involving Spanish partners.

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CSO: 3620/15

VIEWS ON PROMOTION OF COMPLEX EXPORTS

Bucharest REVISTA ECONOMICA in Romanian No 37, 16 Sep 83 pp 11-12

[Article by Dr Victor Babiuc and Dr Adrian Constantinescu: "The Promotion of Complex Exports"; passages enclosed in slantlines printed in boldface]

[Text] Complex exports, which combine in a single bid the exportation of goods and technologies (licenses, engineering, technical assistance, service and so on), now constitute one of the most efficient sectors of exportation. Consequently, the analysis of the domestic framework for cooperation between the foreign general supplier, on the one hand, and the domestic general supplier and the general designer, on the other hand, within complex exports is noted as a priority for the improvement of export-supplying relations. The investigation made by the Institute of World Economics on this subject at 20 units performing one or another of the above-mentioned functions (IGL's [foreign trade enterprises], industrial centrals and enterprises, ICSIT's [scientific research and technological engineering institutes]) has permitted the formulation of valuable proposals along the line of improving the mechanism for carrying out complex exports and of increasing the promptness and competitiveness. They respond to the tasks outlined for the workers in the foreign trade system by the secretary general of the party, Comrade Nicolae Ceausescu, in the speech at the recent joint session of the National Council of Agriculture, the Food Industry, Silviculture and Water Management and the Conference with the Actives in Industry and Investments with regard to improving the organization, increasing the responsibility and eliminating the tendency to achieve as simple export products as possible.

The tasks set by the party leadership along the line of the expansion and diversification of complex exports under conditions of higher economic efficiency require that, starting from the experience gained thus far, the activity performed in this field be improved further to secure the better utilization of goods and services on the foreign market and the use of Romanian technical and commercial intelligence and creativity to a greater degree.

Considering these major requirements and the results of the documentation and of the consultations held with specialists at many foreign trade enterprises and other economic units, we feel that concrete measures mainly on the following planes would be useful:

- a) The providing of the proper technical and qualitative level to the implements and equipment furnished;
- b) Alignment with the price level and conditions practiced on an international plane, in order to provide competitiveness to Romanian bids;
- c) The improvement of the legal framework with a view to providing greater flexibility and promptness in contracting for and carrying out complex exports.

In the following, we formulate some possible directions of action for attaining the above-mentioned objectives.

1. The coordination of the activity of the participants in a complex export is a key problem for carrying out exportation under suitable conditions and for intensifying this activity, given the fact that tens and hundreds of economic units participate in each complex export (for example, about 900 economic units participate in the exportation of a refinery), units that are subordinate to different ministries, have different interests and, at the same time, have many other tasks to perform. The steps taken through HCM Decision of the Council of Ministers No 1,741/1974 to establish the general suppliers, correct steps in the main, are not wholly up-to-date and are not applied precisely in practice. Consequently, taking into account both the experience gained in this matter and the trends appearing on an international level, we consider it necessary:

a) /To update the lists of foreign general suppliers, domestic general suppliers and general designers/ established through HCM No 1,741/1974, to which end the ministries involved could initiate a suitable draft regulatory act;

b) To improve /the legal status of the domestic general supplier/--an essential element in coordinating the activity of all the supplying economic units and the general designer--so that it may become capable of performing the tasks that devolve upon it. To this end, the industrial central or economic unit invested with the capacity of domestic general supplier should have the possibility of organizing itself for this purpose not only from the time of the introduction of the complex export into the plan--that is, after the concluding of the international commercial contract--but even before this time, since the activity of a domestic general supplier begins with the bidding and contracting, if not even with the prospecting of the market, which makes a made-to-order commercial apparatus indispensable;

c) /To set up/ (as is done in other countries) /one enterprise for each complex export/ of vast proportions--subordinate to an economic ministry--which would operate for the entire period of carrying out the export and would concern itself with all the activities involved (design, purchases of machinery and equipment, execution of work, supply of materials and so on) up to putting the facility into use. Such an enterprise would have to have an organizational scheme of its own and would pay its personnel from the price obtained in the international commercial contract. (As a matter of fact, even on a domestic level there are concrete examples in this regard: the central that is building the Danube-Black Sea Canal or the one that is building the Bucharest subway.);

d) To study the possibility of /the formation of temporary associations for an object/, groups without a juridical personality, by several foreign trade enterprises, which, each separately, can export parts of a complex export (goods, works, services and so on); the complex export would be carried out by foreign trade enterprises with complementary objects of activity, found in freely consented relationships of collaboration and coordination, which, on the one hand, would share the tasks that devolve upon them and, on the other hand, with regard to the foreign partner, would be jointly responsible (among them, within the limit of the participation in the export). In this way, any foreign trade enterprise which identified such a commercial operation (and which, under the current conditions, would be eliminated if it did not enter into its object of activity) could participate in an export, that enterprise that is more respected by the foreign partner or better known on the market would assume the role of "leader" or representative of the group, and the differences in interests would be more easily resolved; in addition, the profits would be shared in proportion to the participation--expressed in financial terms--of each enterprise;

e) To study the possibility that, for harmonizing the interests of the foreign general supplier, the domestic general supplier and the general designer, all these factors would be subordinate to the same ministry, either to the one that makes the machinery and equipment or the one that has the technology. In the case in which this is not possible due to the current structure of the design institutes, it would be possible to take into consideration the creation of design groups (staffs) for complex exports at the foreign general supplier or the domestic general supplier, which would be paid exclusively from the work done for the export (and which would thus no longer be subordinate to different ministries).

2. The way in which the /contractual ties/ between the participants in a complex export are established and the effects that they produce are essential for carrying out the exportation on time and under the conditions arranged with the foreign partner. However, the practice thus far shows that the contractual tie cannot always be established under suitable conditions, since there is no response to a request for a bid or the response is late, the contractual obligations are not honored on schedule or properly and there is no prompt and effective instrument for punishing the unit at fault or it is not possible to cancel an unexecuted or improperly executed economic contract, with all the consequences that result from this for the relationships with the foreign partner. For eliminating difficulties of this type, we feel that it would be useful:

a) To institute a system of fines that would be applied to the general designer and the supplying units that do not respond or belatedly respond to the requests for bids for exportation received from the foreign general supplier or the domestic general supplier, fines that would be charged to the management of the units at fault; such a penalty does not now exist in the Law on Economic Contracts, and the uncooperative conduct of the design institutes or economic units cannot be counteracted;

b) To give to the foreign general supplier, domestic general supplier or general contractor, as the case may be, in the situation in which the economic units

do not furnish goods (machinery, equipment, construction materials and so on) on schedule or with suitable quality, the right to be able to cancel the respective contracts or to supply itself with such goods or component parts from any Romanian supplier, even without an allotment, paying possible differences in price, which it would recover from the economic unit whose contract was partly or wholly canceled. This measure seems useful, since the law on Economic Contracts does not permit the cancellation of an economic contract not executed on schedule or improperly executed, and the punishment of the supplier at fault--in the case in which the commodity is destined for exportation and the operation is achieved through the commission contract--is done only insofar as penalties or damages (which are then recovered from the economic units at fault) are paid to the foreign partner.

3. Promptness in the spadework is essential for creating the minimum conditions suitable for participation in international auctions. Often, however, this requirement is not followed in practice, with negative implications for all of the activity of complex exports. In consequence, we believe that it would be possible to consider:

a) The taking of effective steps to /simplify the system of advice and approval needed for participating in an auction abroad/ and, in general, for contracting for a complex export (from preparing the technical and commercial bid and obtaining the refusals for the implements, equipment and materials that are not produced in the country, to approving the supplementary imports, the credit conditions, the price or the efficiency indicators). Through this simplification, the time for preparing to participate in an auction would be reduced, which would allow the foreign trade enterprises to stay more easily within the relatively short period (25-40 days, in general) that they have at their disposal for this purpose; at the same time, some bodies would be relieved of such activities;

b) The establishment, by the economic units, of /annually revisable lists with types of exportable complex installations/, with a minimum of mandatory indicators, such as the minimum price limit, rate of exchange, the span (in months) in which it could be delivered, technical and economic parameters, consumptions, spare parts that can be provided, supplementary imports required. Such orientative indicators would have to be correlated with those practiced on the international market for similar installations. In this way, the foreign general supplier could make bids promptly, consulting the appropriate bodies only in the cases in which the established indicators cannot be achieved or exceptions are necessary or for aspects that go beyond the framework of the preestablished indicators.

4. Often, the economic units are not interested in participating in carrying out complex exports, especially in the cases in which the export plan occupies a secondary place among the plan indicators. This situation has negative effects on the achievement of complex Romanian exports. In consequence, to personally interest the economic units in identifying and participating in complex exports in proportion to the real possibilities of Romanian industry, we feel that the following steps would be useful:

a) /The conferring of a bigger role on the "export plan" indicator/ in judging the overall activity of the units involved in the achievement of complex exports, to improve the present situation, in which exportation sometimes does not appear among the two to four mandatory indicators on the basis of which the activity performed is measured;

b) The studying of the possibility that, for machinery and equipment, in general the components of a complex export, the domestic suppliers could get higher prices than those practiced on the domestic market (as happens, for example, in the People's Republic of Bulgaria or the GDR); in this way, the interest of the units in participating in a complex export would increase;

c) The matter of awarding in favor of the enterprises from which come specialists who give technical assistance abroad a share of the valuta contribution obtained from the activity of these specialists, a share that may be used to meet import needs of these enterprises; at the same time, these sums could also be included in the calculation for receiving incentives in valuta in conformity with Law No 12/1980. In this way, the economic units from which the specialists come would also be personally interested in sending personnel abroad for technical assistance;

d) The awarding of a share of the commission to the foreign trade enterprise that identifies and facilitates the achievement of a complex export, even if this does not enter into its object of activity and it does not actually participate in achieving it. In this way, the foreign trade enterprises that do not have this kind of exports in their object of activity would be interested in identifying and collaborating in the achievement of complex exports, which would be in the national economy's interest.

9. It is well known that participation in some international auctions is not crowned with success also due to the fact that the prices bid for complex Romanian exports are higher than those practiced by the competition, thus being noncompetitive. This is because, on the one hand, in setting the prices the aim is to obtain a level equal to the cumulative prices of all the components of the complex export, transformed into foreign valuta; on the other hand, the foreign price obtained has not always been shared among the participants in the complex export in relation to their real contribution to achieving it.

In order to avoid such situations, it would be possible to consider:

a) The securing of compliance with the basic requirement of starting, in setting the foreign prices, with the prices practiced on the international market for the same kind of complex exports, achieved under comparable conditions; on this basis, it is necessary, on the one hand, to take firm steps to reduce production costs and increase labor productivity and, on the other hand, to revise the manner of setting the domestic prices so that they would reflect the real production costs;

b) The studying of the possibility that, up to the correlation of all the prices of the components of a complex export with the international prices, there be calculated a single profit for the whole complex export according to

its own components (designs, machinery and equipment, construction-assembly work, technical assistance), which would then be apportioned to all the participating economic units in accordance with the contribution. This would facilitate the elimination of the practice according to which, for each component or each phase of production, the costs are inflated by shares of profit, with unfavorable consequences for the total bidding price for the export;

c) The revision of the practices of forming the prices in the design institutes, so as to eliminate the possibilities of overinflating them. It should be mentioned that in setting the final prices, even in the cases in which substantial parts of designs already prepared for other exports are utilized, the fact is sometimes overlooked that, at least partly, the equivalent value of some of the design work was already recovered on the occasion of preparing earlier designs, which ultimately inflates the price;

d) The devoting of greater attention to the way in which there are established and included in the foreign price the costs of the construction-assembly work, which often raises the level of the bidding price for the complex export, in the sense that their percentage is at higher levels than the percentage possessed in the foreign prices offered by the competition, which leads to a lack of competitiveness in price. In this regard, the possibilities of utilizing standardized sub-organization work and materials of a nature to reduce the respective costs could be considered.

4. Other measures could involve:

a) The creation of the possibilities so that the corrections or supplementations needed for the components of a complex export could be ordered, if need be, direct from the producer and at cost, with the localization of the respective expenses to the party at fault (producer, designer and so on) being done definitively at the conclusion of the complex export. Such a solution seems advisable, since, on the one hand, the foreign general supplier's present impossibility of appealing directly to the producer delays the resolution of the complaints and, on the other hand, practice has demonstrated that only corrections and supplementations at cost have been performed rapidly by the producer;

b) The institution of a system of fines in favor of the national budget, applicable by the bodies of the National Bank to the economic units in question, in the case in which the components of a complex export are not furnished on schedule or are of unsatisfactory quality, fines that would then be charged to the physical persons at fault. Such fines seem necessary, since, given the characteristics of the commission contract, the foreign general supplier does not now have any instrument for compelling these units to honor on time and properly the obligations assumed (the punishment of them can be done only indirectly, if damages or penalties are paid to the foreign partner);

c) The establishment of detailed and mandatory jurisdictions in the charge of the State General Inspectorate for Quality Control of Goods with regard to providing strict control of the quality of Romanian deliveries. This specialized body would have to provide the finalization of the quality control performed in the producing units with the participation of the foreign trade enterprises and

to be responsible--including monetarily--in the case of the finding of qualitative shortcomings in the goods furnished within contracts for a complex export. In this way, the dissatisfaction and the extra expenses entailed by the quality control now sometimes performed formally by the IGS [state general inspectorate] would be avoided;

d) The initiation of a regulatory act for regulating sales on credit, by means of which jurisdictions for approval according to levels (economic ministries, the NCBCEI [Ministry of Foreign Trade and International Economic Cooperation] and so on) would be established in relation to the value of the export and the terms of the credit.

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EFFORTS TO INCREASE PRODUCTION IN COAL INDUSTRY

Bucharest REVISTA ECONOMICA in Romanian No 37, 16 Sep 83 pp 8-9

[Article by V. Boescu and C. Barnea: "Efficient Utilization of the Production Potential in the Coal Industry"]

[Text] The proper performance of the production activity in all economic units is closely connected with providing raw materials, fuel and energy on time and in the required amounts. This year, the measures adopted in this regard along a party and state line have facilitated the more marked growth of production in the units of the extractive industry, especially for coal, ore and crude oil.

As is known, back in the first months of this year, there was a change to the organization of the work "in continuous fire" in mining and in the oilfields, to the providing of modern equipment and installations, to the expansion of overall piecework, and so on. As a result, in the period of the 8 months that have elapsed in this year, the coal production rose nearly 5 million tons in comparison with the same period in 1982, which represents a jump of about 20 percent. Big increases in production were also obtained in the petroleum units.

However, the achievements, related to the daily plan targets, are not commensurate with the possibilities, with the requirements of the national economy. Besides such units as the Lupeni IM [Mining Enterprise], Cimpul lui Neag and Petrila in Valea Jiului, the Rovinari IM, the Rosia Avans Quarry, the Motru IM in Gorj County, the Ciaplung Muscel IM, the Filipesti de Padure IM, the Horezu IM, the Comanesti IM, the Gaesti, Mosoia and Zenez Oilfields and so on, which attained substantial overfulfillments with respect to the daily plan provisions, there are units whose results lie below the level of the targets. This led to the failure to achieve big quantities of coal and crude oil, with negative effects on the supply for the customers.

Use of the Mechanized Means at Full Capacity

Valea Jiului, one of the country's great coalfields, which provides mostly coal for coke and semicoke, has units with old traditions in mining, which make, every year, a substantial contribution to fulfilling the plan provisions. One of these units, the Lupeni Mining Operation, a leader in the socialist competition in the period that has elapsed in 1983, managed to produce more than 15,000 tons of coking coal beyond the daily plan provisions.

The success is closely connected with the constant concerns of the staff there for the better organization of production and labor (working faces prepared in advance, mechanized means provided in the necessary number and according to the specific character of the workplaces, well-blended work brigades, with workers having extensive experience and young people in training, and so on) and for the promotion of advanced technologies that permit the obtaining of high outputs by each brigade and crew. In comparison with the corresponding period of last year, the labor productivity at the faces increased nearly 2.5 tons per post, which permits 700-800 tons more of coal to be extracted daily at the level of the unit. Under the new conditions for organizing the activity, working 6 hours, many brigades of miners manage to obtain constantly a productivity of 19-20 tons of coal per post.

Also in Valea Jiului, at the Ciapu lui Neag Quarry, the miners managed to end the first 8 months of this year with an extra production of nearly 100,000 tons of coking coal. There too, constant growth in labor productivity constituted the decisive factor in the success. By organizing the activity better through the creation of wide working faces, where the capacity of the excavators could be used fully, by performing the work in brigades, in two long shifts, with the means of transportation being used better, and so on, the plan provisions were not only fulfilled but also overfulfilled day by day. Certain achievements were also obtained at the Anina and Petrila operations (plus 3,628 tons and plus 8,035 tons, respectively).

Besides these achievements, however, there are lags that seriously diminish the results obtained in this great coalfield of the country. An analysis of the causes that led to such a state of affairs points out common factors such as the utilization of the main mechanized means on hand with low indices, the poor organization of the activity at the faces, deficiencies in establishing high labor discipline, and so on. Referring to the way in which, in particular, the big mechanized complexes are used, we must state that there are big differences both between operations and even within the same unit. If all the mechanized complexes at Vulcan, Aninoasa or Lonea, for example, had operated for the whole planned period, if the stipulated output had been obtained at each of them, it would have been possible to extract the entire quantity of coal that is now recorded as arrears. Unfortunately, the sometimes irrational utilization of the mechanized means due to the deficiencies and to the lack of promptness in eliminating them hurt the chances of reaching the targets. To this shortcoming there was also added the failure to man the planned work posts, especially on weekends, due either to leaves or to absences from work. There were also deficiencies in supplying the workplaces with spare parts, pitwood and metal props, in operating the coal conveyors, and so on.

As a result of the analysis of the causes that led to the failure to fulfill the plan, measures have been established for putting into operation all the means planned to be utilized, for attaining high outputs, especially at the big mechanized complexes, for organizing the activity better at the faces, with the setting of concrete tasks for each brigade component, for achieving in the work formations a blend of personnel having experience and young people or newcomers to work in the mine, and for strengthening the order and discipline, the control on the basis of the results that are reported for each shift and brigade.

These measures as well as others that involve the providing of working faces for a longer period are of a nature to lead to the recovery of the shortfalls and to the reaching of the plan targets by all the operations within the Valea Jiului Mining Combine.

Prompt Generalization, in All Units, of the Advanced Experience

In another great coalfield of the country, namely that of Oltenia, a number of units obtained remarkable results in reaching the targets. For instance, the Rovinari Mining Enterprise (within the Rovinari Mining Combine) is performing in an exemplary manner the tasks that devolve upon it, overfulfilling its daily plan by more than 235,000 tons for lignite extraction and more than 1.7 million cubic meters for excavated rock. At the basis of the success there are the rational use of the worktime by the majority of the brigades, the shortening of the time spent on the daily and weekly overhauls on the equipment (especially the high-capacity excavators and the conveyors), by doing the repairs on time and with good quality, the advance preparation of the new working faces, and so on. This year, in the whole enterprise, the average utilization of the mechanized means is over 20 percent higher than that obtained last year. Things are also similar at the Rosia Avans Quarry within the same combine, which overfulfilled its daily plan provisions by more than 437,000 tons of lignite.

In the 8 months that have elapsed in this year, laudable results were also obtained at the Motru enterprise (within the Motru Mining Combine), which overfulfilled its plan by more than 56,000 tons of power coal. The fact that at this operation, along with the quantitative overfulfillment of the plan, the concern for improving the quality of the coal furnished to the thermoelectric power stations also increased is noteworthy. The achievements are also noteworthy at the Rosiuta and Jilt quarries within the same combine, units that obtained an overfulfillment of the provisions for 8 months of this year. At these units too, better utilization of the equipment, advance preparation of new operational fields and the spirit of order and discipline constituted chief factors in securing the success.

In the two Oltenian combines as a whole, however, the achievements are diminished by the shortfalls registered at other operations, that is, Rosia Pestana, Tismana, Lupoala and so on. Among the main causes that keep the production below the level of the provisions there are: the utilization of the mechanized means on hand below the stipulated indices at most of the operational units and the failure to provide in advance the working faces for continuously performing the extraction activity and the transportation of the coal from the quarries to the central yards.

Our periodical also wrote about the shortcomings in keeping the new installations (especially excavators, conveyor belts and dump trucks) in operating condition for the whole planned period. Part of them have been resolved, others still exist. Of the latter, we mention: delays in installing new high-capacity equipment due to the failure of components to arrive on time from various suppliers in the machine-building industry; the failure to prepare in advance subassemblies and spare parts for promptly performing the current and capital repairs, a matter that prolongs the period of inactivity of the equipment; the

irrational operation of some of the means on hand (dump trucks, conveyor belts and so on), a matter that causes the tieups to stay at high levels; and so on.

The elimination of these shortcomings requires an activity of utilization and maintenance of all technical means on hand, based on timetables with dates and control and inspection cards, the handling of them by personnel with suitable training, the providing of the spare parts in advance for the mechanisms subject to greater wear, the permanent assignment of the repair crews that do work of good quality, and so on. In the units at which there was a change to such organization, the equipment is used rationally and with high indices, its operating time being far beyond the planned periods (the Rovinari IM, the Motru IM, the Jilt IM and so on). The experience of these enterprises should be studied more closely and generalized at all the mining units in the Oltenian basin.

Given the specific character of the activity, with the majority of the operations in the quarry, the performance of an activity to prepare the new working faces, that is, baring work, the creation of access roads for heavy equipment, drainage and so on are necessary. At the Jilt Mining Enterprise, for instance, along with the daily coal extraction, work is done in advance to create new lignite-working faces, new production capacities with as big exploitable reserves as possible. Through work for baring the coalbed, both in the Jilt-Sud quarry and in other small quarries of the respective unit, exploitable lignite reserves of over 550,000 tons have been created. By providing in advance its reserves needed for fulfilling the plan, the Jilt enterprise is meeting its targets month by month and is sending additional amounts of coal to customers.

Obviously, the experience of this unit is well known. Nevertheless, at other operations--the Lupoaia, Rosia Pesteana, Tismara and more mining enterprises--the providing of the exploitable faces is not done in advance, with gaps being created in the extraction activity, with the equipment being moved to places not thoroughly prepared, with repercussions on the outputs, and so on. Through better organization of the activity and, in particular, through the providing of working faces with big reserves of coal, each unit in both mining combines could not only fulfill daily its plan provisions but also extract and furnish to customers additional quantities of coal.

Of course, the indicated shortcomings necessitate further decisive steps at the level of each mining unit to provide suitable regularity to production, to use at fully capacity the machinery, equipment, installations, mechanized complexes on hand and so on, and, on this basis, to recover the shortfalls in furnishing coal to customers, to completely fulfill the plan for this year and to thoroughly prepare for production in 1984.

12175
CSO: 2700/10

ECONOMIST KOROSIC DISCUSSES MONETARY-CREDIT DILEMMA

Zagreb DANAS in Serbo-Croatian 27 Sep 83 pp 7-8

[Article by Marijan Korosic: "The View From the 'Mountain of Debts': Why We Are Still Evading the Market's 'Rules of the Game'"]

[Text] Not so long ago we wrote somewhere: "Yugoslav society is standing on a mountain of debts." At that time we were not thinking primarily of external debts, since in previous years they were not exaggerated, but of overall indebtedness: indebtedness, that is, expressed in dinar credits and borrowed funds. That assessment might be repeated today. In spite of all the proclamations and economic policy measures, the permanency of indebtedness demands unceasing investigation of the "unrestrained" taking and giving of credits, which the Yugoslav economy is unable to free itself of.

All important participants in economic activity are in debt. First of all, the economy is in debt. The Federation is in debt. The entire country is in debt abroad. Only the population as a whole and here and there a sociopolitical community possesses more money than it has debts.

The Facts

Organizations of associated labor have taken the most credit. They account for about three-fourths of all the credit issued. At the end of 1982 the economy had 1,878 billion dinars of outstanding credit (not including securities). It is the general opinion that the economy is overindebted and that the credit relation has grown out of proportion and has brought the economy into a dependent position. At the same time the economy must keep a large amount of money in banks; at the end of the year mentioned the economy's available money assets amounted to 1,017 billion dinars. If we examine the last several years, we note that liquid money assets have been growing faster than credit. This is a kind of paradox in the banking and monetary system which has been pointed to for a long time now, but there have been no changes to the economy's advantage. In 1966 the economy was able to repay 29 percent of its outstanding credit immediately with its own money assets, but in 1982 that percentage was 54 percent. The deterioration is obvious, and it has been recurring year after year.

Self-financing as a method of financing investment projects is an indicator of the same significance as indebtedness: the higher the level of self-financing, the less need the economy has to borrow. According to our methodology, in recent years the level of self-financing of investments in capital assets has increased considerably if we compare the investments made and actual gross accumulation.

However, if we deduct from gross accumulation obligations come due to repay long-term credits for fixed and working capital and obligations on payments against long-term credits which have come due, but have not been paid, very little remains of internal gross accumulation. In other words, current investments are not being financed with current gross accumulation, so that the economy must go in debt once again.

These few facts about the growth of the "mountain of debts" are sufficiently illustrative and constitute the basic foundation for subsequent analysis. Credit relations cannot really be eliminated. The assets of individuals and loans from abroad constitute about half of the sources of resources on the balance sheets of banks. In such cases it is not possible to speak about discontinuance or any imminent abandonment of credit relations in the economy. On the other hand it is not realistic to expect that the accumulation of organizations of associated labor will altogether be linked up and allocated without involving credit. A portion of those resources will even in the future be channeled through the credit mechanism. There are several reasons which support this kind of conclusion: accumulation is unevenly distributed by sector; in part accumulation is being held as a liquidity reserve; to a certain degree accumulation is not intended for investment; accumulation and investment need not coincide in the right time sequence in individual organizations of associated labor. Accumulation must, then, circulate from one organization to another, and the banks are the institutions which facilitate that circulation.

Aside from facilitating the circulation of accumulation, credit relations have certain other functions. The expansion of credit corrects the earmarked distribution of income into accumulation and consumption that has already been made. Credits, that is, differences between the rate of inflation and the interest rate, accomplish yet another redistribution: accumulation is siphoned from one sector of the economy into another depending on how much one sector is in debt to another. Credits fill the blank spaces in the economic system and economic policy; in particular they cover the manner in which losses are made up, a method that does not have an adequate economic basis, and they cover primary distribution (carried out through prices and other instruments).

Rescheduling

However, the dominance of the credit relation must be diminished. The creators of economic policy are now proposing several solutions to that end, among which we should carefully examine the idea of rescheduling the existing obligations decreased in their credits and a moratorium on all domestic investment credits. The idea was inspired by the action to reschedule the

foreign debt, which was indeed sanctioned in law during the summer. Rescheduling the domestic debt, however, does not pursue the main lines of action toward reducing credit relations; what is more, it could have a generally bad effect on flows in economic activity.

The proposal for rescheduling is one of a number of pieces of evidence that the market is not being accepted in our country as a particular system of "rules of the game" in economic behavior and in public life. We can cite many examples of the large-scale occurrence of violations and arbitrary cancellation of contractual obligations between organizations of associated labor, and indeed various cases of blackmail as well, such as payment in foreign exchange, the closing off of markets, autarkic tendencies in trade along the borders of republics, of opstinas, and so on. Our organizations bear no penalties whatsoever for that kind of violation. We have, then, obvious examples of the poor functioning of the market and of market penalties.

The proposal for a moratorium stands as a contribution to further violation of the standards. If we also take into account the good intention to free the indebted economy for successful operation of its business in future under the conditions created by performance of the stabilization program, we should bear in mind that all organizations have not behaved in the same way about taking credit, about setting aside accumulation for expansion of business operation, about investment. There are very good examples in the economy of optimism and efficient conduct of business, and those examples and directions should be supported. The rescheduling of debt has to do with problematical organizations and branches of the economy, not with those which can carry development forward. So instead of the credits being revalued because of inflation, it is not even enough for the poor branches and organizations that their outstanding credit is left at its original face value.

The creators of monetary policy ought first of all to turn attention to the rate of circulation of money. This is closely bound up with the circulation of goods. Interest rate policy is not sufficient to speed it up. In part the problem lies outside the domain of monetary and credit policy.

The low rate of circulation of working capital is striking. The economy has a long tradition to illustrate the complex mechanism in simple numbers. That is indeed what we will do here. Whereas some 10 years back the turnover coefficient was higher than 3, it has now dropped to 2.5. That coefficient is continuing to drop, which means that enormous capital is standing idle. Total inventories of all goods at the end of last year amounted to 1,358 billion dinars, which is much more than the economy's net debt. All of this is happening at a strange time: there are shortages on all sides, production is dropping since factories do not have raw materials, and at the same time overall balances of the economy indicate large and ever larger inventories, but they are not moving fast enough in the market. And they are not moving mainly because the economy is fragmented into a number of smaller encapsulated economies in which each segment jealously guards its own narrow interests and does not see that the entire economy is only losing thereby.

Accounts

How many ideological--that is, not real--dilemmas have accumulated in this area can be seen from the way in which the proposal to amalgamate the giro accounts of certain basic organizations of associated labor fared with a segment of the public. The proposal was aimed precisely at reducing the need for cash and beyond that to reduce the need to borrow. But since this required amending the Law on Associated Labor, which requires that every OOUR [basic organization of associated labor] have its own giro account, it seems that an amendment to this effect will not pass.

But there are still many other possibilities for improving the circulation of money through a mere improvement of the technical arrangements in the monetary, credit and banking system.

A system of settlement based on individual payment orders is expensive and inefficient, and it also necessitates more considerable liquid assets of the economy, that is, more extensive use of credit from banks. If a larger number of financial instruments were available, large opportunities would be realized for improvement of the system of settlement, for more consolidated forms of payment, and for introduction of current accounts instead of giro accounts.

Mutual Credit Financing

The formulators of monetary and credit policy should be given acknowledgment for having stabilized the growth rate of the money supply over the last 3 years. The period between 1971 and 1979 is well known for the marked instability of the growth rate of the money supply. Nevertheless, even though certain theoretical rules governing the conduct of monetary policy are now being abided by, inflation is not moderating. A well-known Yugoslav specificum is the main reason why this is not happening.

It is a specific feature of the Yugoslav monetary and financial system that mutual credit financing between economic entities need not be based on contractual obligations, but may constitute a mere postponement of payment by the debtor. In the "forced" creation of commodity credits all forms of demand, especially investment demand, has been hypertrophied. First of all, this has adverse consequences for the capabilities of the monetary system and monetary policy to influence the flows of reproduction. Second, when mutual credit financing is unregulated, an economically unsound siphoning of working capital and accumulation occurs from one economic unit, one branch, one sector or region to another. Third, uncontrolled and hypertrophied growth of mutual credit financing becomes an aggressive factor toward formation of aggregate demand, which later "compels" a growth of the money supply (bank money). Inflation is an inevitable link in that chain.

That is why it is economically justified to prevent hypertrophied mutual credit financing. However, monetary policy is always faced with a problem of objectifying the process of the creation of money, that is, the problem of quantifying the additional amount of money to be issued in order to bring

about the growth of the volume of production and distribution of commodities in value terms.

The recorded growth of the money supply at annual rates of approximately 25 percent when the rate of inflation was about 40 percent (over the last 3 years, including this year's inflation) would seem in the context of the possible postponement of payment to be still too small for the normal functioning of production and conduct of business. If we are dealing with structural inflation, as we are, then restrictive monetary policy does not prevent inflation, however radical such a policy may be.

It is a firm rule which has not undergone any recent change that mutual credit financing in the economy increases when the growth of the money supply is smaller than the growth of the social product. Economic organizations are not thereby freed of the problem, since they cannot use the commodity credits forcibly created to make payments for personal incomes, for government and social service expenditure, without at the same time diminishing accumulation. Nor is monetary policy without worries: restrictive policy diminishes economic activity. Personal incomes in our country are not sensitive to restrictive monetary policy, nor to the policy of unemployment or its growth, and that is why one of the key premises of restrictive policy is missing.

Interest rate recently took a leap upward. This ought to orient monetary policy toward relaxation of its strictness in measuring out expansion of the money supply. Until the roots of inflation have been cut, it is of no benefit to anyone for production to be below its potential because of restrictive monetary policy. That is the case today.

We are about to debate the overall system of working capital. There are many errors which need to be combated in this connection. It is a great error, unless one does not think of the adverse consequences, to believe that organizations of associated labor must finance working capital from their own accumulation according to some simple formula (70 percent is talked about). This is going too far in confining the economy, which is not homogeneous with respect to all of this, to a single path.

A counterquestion ought to be put to the proponents: What is the purpose of primary note issue? The resolution for next year envisages that the use of primary note issue will be used even for the credit financing of the purchase of railroad cars, that is, to modernize rail transportation facilities. All of this at a time when rail rates are covering less than a third of the costs of the railroads, the shortfall being remitted to the railroads through parasitical instruments, which we euphemistically refer to as a pooling of capital. Whatever case we take up for examination, we encounter solutions which are not economic solutions. Meanwhile the distributive logic which prevails is that the "indirect hand" gives to some and from others takes away.

PROBLEM OF ILLIQUIDITY DISCUSSED

Zagreb DANAS in Serbo-Croatian 27 Sep 83 pp 4-6

[Article by Ljubomir Cucic: "Domestic Debtors Are Headed for a Better Past. Can We Cure the Lack of Money in the Economy and Banks by Printing up More Money"]

[Text] Illiquidity is one of the most stubborn and untoward concomitants of our economic development to date. Like all other troubles, it reached the point of white heat at the beginning of the eighties and in many assessments is giving us more headaches than the lack of foreign exchange. In past years and especially over the last several months even the many administrative measures have not been able to reduce it, and even new laws have been amended. Its sources are diverse, and there is no question that it cannot be corrected by any one single stroke. But that single move which might soon be made is a herald, if one is to judge by the scanty explanations, of great changes. The promised rescheduling, i.e., deferment of payment, and indeed even complete cancellation of certain domestic dinar debts, offers a cheerier prospect for the emptied OBR [organization of associated labor] treasury.

Unknowns

Extension of the deadline for repayment of borrowed money is regularly a creditor's last attempt to save what can be saved and a sign that all other attempts have been futile. A possible rescheduling of domestic accounts receivable or even a permanent writing off of debts are at present cloaked with a veil of guesswork and suppositions. But there seems to be no dispute about the central conception. The commercial banks and the National Bank of Yugoslavia will soon adopt decisions which will make it possible for the tired and beleaguered debtors to return the money borrowed in better times. At present we do not know what will come of all this and in what way the debts will be rescheduled. There is still not agreement on this, which at the same time may explain both the uncertainty and the secretiveness.

According to one statement made by Borislav Srebric, vice chairman of the Federal Executive Council [SIV], illiquidity has taken on such proportions that it cannot be corrected by small measures, but only by a radical undertaking. The federal government is preparing a proposal and program of action to improve the economy's financial position. The essence of these changes is

based on the granting of credit to the economy based on primary note issue, a moratorium on some or all investment credits, the offsetting of foreign exchange claims of the economy with its dinar obligations, and attempts to augment working capital. One such attempt will be to introduce an all-inclusive tax on personal income on behalf of the economy. That would reduce the economy's dependence upon expensive credits and would at the same time moderate the inflationary pressure on interest rates. Now that we cannot depart from a policy of realistic interest rates, this would have exceptional importance to stabilization, Srebric says.

The general stabilization tax would apply to all persons employed in the socialized sector, to private entrepreneurs and to pension recipients. Because of the drop of real personal income, thought is being given to exempting certain categories of the population from the tax obligation. The money collected would be intended primarily to bolster the economy's working capital, to replenish commodity reserves in order to stabilize conditions on the market, and to give an impetus to our exports of equipment and ships. It has not so far been confirmed that the money which workers set aside on the basis of this tax will remain at the disposition of the work organization in which the taxpayer is employed. Be that as it may, introduction of the new tax would actually be an embodiment of the old idea which fell through of a general stabilization loan, except that here the voluntary principle is left out. The ultimate goal is the same--an attempt will be made to correct old sins by turning a smaller number of large debts into a larger number of small obligations. Personal incomes are the principal prop under this operation.

An attempt will also be made to diminish the economy's illiquidity by clearing the short-term credit obligations of work organizations against their foreign exchange deposits. What does this mean? At one time the economy collected for its exports in convertible currencies, and it put the money in the bank in accordance with the rules that were then in effect concerning the sharing out of the foreign exchange pie. However, it has been spent long ago and still exists only as a bookkeeping item, which is why the banks are also recording losses, since they must credit differences in foreign exchange to those deposits. On the other hand the economy owes the banks billions upon billions and it is altogether uncertain when it might be able to repay them. The mutual cancellation of these claims and obligations would reduce the present amount of short-term credit by 200 billion dinars. That would open up room for new credits without which the economy's recovery is unimaginable. The only thing which remains is to resolve how by this move what are actually dinar debts in the country will be settled with foreign currencies.

There are still quite a few unknowns concerning the transfer of credit based on primary note issue which the central bank has granted to the economy through the commercial banks. The National Bank of Yugoslavia has injected about 260 billion dinars into economic flows, mainly into the production of food and into exports. We do not at present know what part of that amount will be forgiven overindebted economic organizations. There is talk about some 50 percent, but the idea is also being quietly advanced that it would be good to relieve the economy of the burden of all 260 billion. It also seems there is no unanimous view concerning the forms of that relief. There are

two possibilities in the running, one of which is more favorable for the economy and the other for the banks. According to the first proposal, the borrowed money would be permanently relinquished to the debtors, with no obligation to repay. Nevertheless, it seems that the idea of converting the credit to a longer term at minimum interest is closer to realization. It is clear why the first alternative is more acceptable to producers. They would once and for all be freed of the worry about how to put their hands on money which has been borrowed and spent. The bankers, however, think that a permanent pardon of the debtor's sin would be yet another step in discrediting the credit relation in the relationship between debtor and creditor. Those relations are the foundation of the operation of business in the economy. Incidentally, the favorable effects of a general cancellation of debt would be equally felt in all quarters regardless of how much money they have. In other words, those who are nevertheless in a position to repay the debt themselves would fare better.

According to the second proposal, all or part of the credit based on primary note issue would be converted to long-term. The economy would be allowed to repay the loan in 15, 20 or 25 years, on which there are also differing opinions.

The favorable impact on the liquidity of the debtor would in this way be smaller, and formally the relationship of obligation between the creditor and the borrower of this loan would be maintained, although it would have no major practical importance, since it is well known that the money will not (original reads "never") be repaid for several decades. Were the debts cancelled permanently, because of the possible unfavorable monetary effects this would necessitate a tightening of conditions for obtaining new selective credits. It is thought that this pressure would be less if payment were deferred.

Investment debts

Responsibility of investment debts will be left to commercial banks, that is, to their agreement with their customers. In the words of Milovan Milutinovic, general secretary of the Association of Yugoslav Banks, a great deal of work is being done on this matter. It should not be anticipated, however, that a uniform approach will be taken to the extension of debts and that the current operation of business and prospects of the indebted work organization will be ignored. That is, the banks do not want to worsen their own already weak liquidity through exaggerated leniency toward debtors or to pass the burden of all postponed payments on to customers who are sound. If the debts were only forgiven, pure and simple, that would mean that we are not consistent in our commitment to running down operations which are not bringing in income.

The numerous entities which have been operating at a loss and which for years have been living at someone else's expense will probably not be able to count on the permissiveness and understanding of the banks. Economic organizations oriented toward export which can guarantee their own inflow of foreign exchange and performance of their foreign exchange obligations on their own will have priority in the rescheduling of domestic investment debt. Producers

of production materials and those who are working on substitution of imported products will be given preference. Organizations which rely exclusively on imports, those who have been operating at a loss and who are not covered with sound and promising financial recovery programs, and also unpromising investments will certainly not be able to count on additional solidarity. After all, when there are good performers and poor ones, and there is not enough money, there is no doubt about who to give it to. The economy would not be allowed to use the money granted for investment projects except in the case of investments already begun which are near completion and which will on their own be able to meet their credit obligations.

Fictions

The idea of using bank lines of credit on the basis of current accounts has been wheeled out of the arsenal of measures to improve liquidity and restrain the expansion of credit even in the past, but unfortunately it has not received practical confirmation as well, probably because of resistance in the commercial banks. Under this type of credit financing the economy would pay less interest on the same amount of loans approved, even in the case when interest rates are rising. Interest is paid only on that portion of the loan which is being used, not on that portion which is not in circulation.

Before the USSR adopted its decree on the manner in which payment orders of users of social assets charged to the line of credit would be acted upon, that is, last year and in previous years, the banks placed the entire amount of credit in the loan applicant's giro account, although he was never able to use it all at once. And so long as the money was in the account, it was also in the bank, and the banks had no qualms whatsoever about offering the economy the same resources all over again. Thus a fictitious credit potential was created, and economic organizations were paying interest twice on the same money. It is obviously up to the banks to define in their business policy the forms of credit financing through current accounts and thereby diminish the economy's illiquidity and the pressure on prices. But the question remains how much this is in the interest of their own liquidity?

The announced changes in the Law on Associated Labor with respect to the giro accounts of basic organizations and of work organizations and complex organizations should also make a contribution to improvement of the economy's ability to pay. This would make it possible for the economy to obtain a single account for a work organization which is unified; this, it is thought, would make the money resources that exist more mobile and effective. The final decision on this is to be made before the year is out. Similar changes are also envisaged with respect to reserves, which would also be concentrated at the level of work organizations or complex organizations of associated labor so that they might be used more readily.

When this motley palette of envisaged changes is spread out, the question arises as to how much they can actually improve the financial position of economic units, especially since they are neither the first, nor probably the last? The rescheduling of domestic debt will certainly be a benefit to debtors, although it is difficult to believe that they will have more money

available because of greater tolerance on the part of creditors. After all, postponement of the repayment of debt can only be an official confirmation of the truth, which is that certain segments of our economy are utterly insolvent and are neglecting their obligations which have come due very much in arrears. For most of the indebted economic organizations the rescheduling of debt will only be a great relief from the constant concern about how to repay what has been borrowed once and for all.

Claims which bankers refer to as uncollected, doubtful and disputed will still be there, but the adjective will be changed to "rescheduled." The banks would not be able to collect a sizable portion of the rescheduled debts in the near future anyway (assuming that the rescheduling occurs). The very act of postponement or definitive writing off of certain loans could thus become only a paper operation of extension or cancellation of debt without any major direct financial benefit. But even as it is, it will be of help to the indebted economy to plan the future of its business more calmly, without trembling every day with fear about the price it will have to pay for its dishonour as a debtor that was imposed upon it.

Are We All Paying the Price

Nevertheless, once money has been approved as a loan, it has been spent. It is not only that these credits had no backing in accumulation when they were spent, but also that they do not have that backing even today when they are to be repaid. A textbook example of overexpenditure against future income. We are all paying the price to some extent. The rescheduling of debts is only yet another disguised form of socialization of old mistakes and irresponsibility. Yugoslavia's banks are not operating with their own money, but with the economy's money. When at one time they were so generous and were not overly cautious in filling the pockets of all sorts of doubtful loan applicants, that was either the money of work organizations who were performing well or indeed artificially created credit potential. In the first case the assets of the sound and liquid organizations were not uncommonly siphoned off into a bottomless barrel, and in the other the granting of credit was financed with inflation. Now when we are postponing old debts to better days, we are also indirectly confirming oversights committed in credit policy and development policy.

Be that as it may, the question remains where is the end of the growing illiquidity, which is the fundamental cause of the announced rescheduling of debts? According to estimates, the unpaid domestic debt or expenditure without backing today amounts to about 1,500-1,700 billion dinars. This consists of all sorts of things, from differences in rate of exchange, illegally issued securities, to unpaid debts and sales for which collection was not made. This converts to about \$16 billion, that is, only one-fourth less than our foreign exchange obligations.

The unpaid debt to banks is only a minor portion of the spending in the country without backing. According to data of the National Bank of Yugoslavia, domestic banks (as of the end of this year) had granted to the economy 640 billion dinars of short-term credit and 1,197 billion of long-term credit.

At the same time it is estimated that the economy now owes the banks about 225 billion of claims come due and uncollected. That actually means that 1 dinar out of every 8 which has been borrowed is hanging in the air. The rescheduling of debts under circumstances such as these is a logically move, since it does after all diminish the debtors' uncertainty about what is coming tomorrow and to some extent assures them a more peaceful today, and all of this together because of what happened yesterday.

But a mere rescheduling of domestic debt is not a cure for illiquidity. We will be combating it so long as we have to repay the foreign exchange debt. There will not be enough money until we begin to work better and more productively, and the more goods we export at prices lower than the production price in the country, the less of it there will be. But even then illiquidity will not be corrected unless we finally reduce the appetite of the insatiable leech of budget and SIZ (self-managing community of interest) expenditure, which for years now has been sucking up the economy's income.

In essence illiquidity is nothing other than a consequence of the economy's limited sovereignty over its own money and of a fundamental devaluation of a basic principle of operation--responsibility (liability).

7045

CSO: 2800/53

STATE PURCHASES OF AGRICULTURAL PRODUCTS

Belgrade NOVA TRGOVINA in Serbo-Croatian Jul-Aug 83 p 366

[Excerpt] <u>Purchases in million dinars</u>	<u>1981</u>	<u>1982</u>
Total	199,552	280,512
Socialized sector	92,902	125,426
Private sector	106,650	155,086
Field crops	76,779	113,204
Orchard, vineyard production	14,993	20,523
Livestock	99,154	136,437
Wood, lumber	3,132	3,736
Other	4,072	4,808

The socialized sector accounted for 46.5 percent of total agricultural production purchased in 1981 and for 44.7 percent in 1982. On the other hand, the private sector share increased from 53.4 percent in 1981 to 55.2 percent in 1982. Although the value of purchases increased overall, that for livestock production purchases increased the most.

CSO: 2800/60

CORN PRODUCTION, CONSUMPTION, 1971-1981

Belgrade EKONOMIKA POLJOPRIVREDE in Serbo-Croatian No 5, May 83 pp 277-292

[Article by Dusan Katic, Federal Social Planning Institute, Belgrade, and Vucic Jovanovic, Association of Agricultural Engineers and Technicians, Belgrade]

[Text] Summary: The authors point out that corn production occupies a prominent place in Yugoslav agriculture from the viewpoint of land area under the crop and from that of amount, and is of great importance to Yugoslav agriculture as a whole because of its use value. Yugoslavia occupies seventh place in the world in total corn production, and first place in Europe. The authors believe that the country has very great potential for increasing corn production, but also point out that its consumption is irrational, since corn is consumed chiefly in the form of the dry grain used as livestock feed.

Introduction

The production of corn occupies a prominent place in the Yugoslav economy, from the viewpoint both of the area sown with the crop and that of total production, and corn is also of great importance to the Yugoslav economy as a whole because of its use value. Over the last 15 years from 2 to 2.6 million hectares, or more than 33 percent of the total arable land, have been planted with corn. On the average over the last 3 years, corn has accounted for about 17 percent of the value of total agricultural output, 28.5 percent of farm output, and 60 percent of grain production.

In total corn production Yugoslavia in 1981 held seventh place in the world and first place in Europe, ahead of the USSR, Romanian, and France (about 19 percent of total European production).

As a result of seed selection and modern agricultural technology, Yugoslavia has advanced rapidly from the viewpoint both of yields per hectare and from that of total output. Thus the annual average production of corn over the 1970-1981 period amounted to 8.797 million tons, being 2.316 million tons (36 percent) higher than over the previous decade (1961-1970), although the area under corn was nearly 200,000 hectares smaller over the same period.

With an average yield of 6.79 tons per hectare in 1979, agricultural organizations rank among the best producers of corn in the world. Although their share of the total area is small (about 11 percent), these organizations play a significant part in promotion of corn production, since they transfer modern production processes to individual farmers. The best among them achieve average yields exceeding 9.0 tons per hectare on a land area of several thousand hectares for each organization.

Considerable production technology potential exists, especially on the land of individual corn growers. However, even in the case of public sector producers potential exists for increasing the average yields and for lowering production costs while achieving higher labor productivity, particularly by applying the appropriate method of using corn grain and corn stalks.

The current ownership and possession structure of Yugoslav agriculture, in which there is a predominance of small holdings accounting for about 75 percent of total agricultural production, indicates that the main obstacles to harmonious development of agriculture are to be found in inadequate production of grain or corn, and in this connection in the discordant relationship of crop and livestock production.

Many conferences have been held on the problem of corn production and elimination of the deficit, at which various technical and technological and economic organizational aspects of production have been discussed. However, somewhat less attention has been paid to the socioeconomic content of this production. On this occasion we should like to discuss the current situation, what is to be expected in the future, and the potential ways and means for production of sufficient amounts of corn.

1. Corn Production

1.1. Area Under Corn

In Yugoslavia corn is grown on the largest extent of land area devoted to cultivated crops 2 to 2.6 million hectares or about 35 percent of the arable land. Since the war the amount of land planted with corn has tended to decrease, from about 2.6 million hectares in the 1950's to 2.3 million hectares at the end of the 1970's. Over the decade under consideration (1970-1980) the average harvested area planted with corn amounted to 2.3 million hectares, this including 240,000 hectares belonging to agricultural organizations. The tendency of the harvested land planted with corn to increase is becoming more and more pronounced in cooperative production (more than one-fourth of the total land), something which is acting to increase the volume of socially organized production. Over the period in question there was considerable fluctuation in the area harvested, both among individual farmers and among agricultural organizations; this situation was the result of the economic organizational conditions prevailing in this production (Table 1). It is important to note that agricultural organizations have not succeeded in increasing their share in the total area harvested, this share remaining stable at the level of about 11 percent, and thus in increasing the volume of marketable corn output.

Table 1. Harvested Areas Planted With Corn (in Thousands of Hectares)

1) Godina	2) Ukupno	3) Gazdinstva individualnih proizvođača		6) Poljoprivredne organizacije	
		4) Svega	5) od toga u kooperaciji	svega 4)	% od ukupnih površina 7)
1970.	2.352	2.162	436	190	8.1
1971.	2.422	2.176	453	246	10.2
1972.	2.383	2.142	402	241	10.1
1973.	2.377	2.119	330	258	10.9
1974.	2.256	2.026	327	230	10.2
1975.	2.363	2.102	385	261	11.0
1976.	2.375	2.105	478	270	11.4
1977.	2.321	2.080	471	241	10.4
1978.	2.130	1.933	447	197	9.2
1979.	2.251	2.005	499	246	10.9
1980.	2.202	1.965	551	237	10.8
1981.	2.297	2.037	622	261	11.4

Source: Statistical Bulletin on Farming, Fruit Growing, and Viticulture and Statistical Yearbooks of Yugoslavia for the corresponding years. The figures given in the other tables in the article have been taken from the same sources.

KEY: 1. Year 5. In cooperative production
 2. Total 6. Agricultural organizations
 3. Individually owned farms 7. Percentage of total area
 4. Total

From the territorial viewpoint, over the last two plan periods (1971-1975 and 1976-1980) the area planted with corn, along with the general downward trend, has exhibited significant differences in intensity in the individual republics and autonomous regions (Table 2). The regions accounting for a large percentage of corn production have experienced a reduction in areas planted at a more moderate pace and thus have created the preconditions for fulfilling the plan of scheduled increase in the total volume of production.

The percentage of land planted with corn in the area under crops varies among the republics and autonomous provinces, ranging from 40 percent in Vojvodina, 37 percent in Serbia proper, and 36 percent in Croatia to 33 percent in Bosnia and Herzegovina, 23 percent in Slovenia, and 11 percent in Macedonia.

1.2. Corn Yields

The average yields of corn per hectare have exhibited significant growth (Table 3). In 1981⁽¹⁾ they were 45 percent higher than in 1970, and there were wide fluctuations in individual years of the period examined. The highest average yield (4.48 tons per hectare) was achieved in 1979, and the lowest (2.95 tons per hectare) occurred in the first year of the period (1970).

Table 2. Area Under Crops Planted With Corn Over the 1976-1980 Period in Comparison to Area Planted Over the 1971-1975 and 1974-1975 Periods (in Thousands of Hectares)

1) Periodi	2) SFRJ	SR Bosna i Her- cego- vina 3)	SR Crna Gora 4)	SR Hrva- tska 5)	SR Mace- doni- ja 6)	SR Slove- nija 7)	3) SR Srbija svega 9)	uža terito- rija 10)	SAP Koso- vo 11)	SAP Voj- vodi- na 12)
Ø 1971-75	2.73	308	13	513	52	52	1.439	689	108	638
- Najniži nivo 13)	2.269	297	11	485	47	48	1.372	671	100	593
- Najviši nivo 14)	2.430	320	14	534	55	56	1.471	697	116	666
Ø 1976-80	2.264	270	9	488	45	57	1.395	669	103	623
- Najniži nivo	2.146	218	7	467	43	56	1.300	650	98	615
- Najviši nivo	2.385	298	10	506	47	58	1.467	693	117	675
Ø 1976-80 indeksi: 15)										
- u odnosu na Ø 1971-75 16)	95	88	69	95	87	110	97	97	95	98
- u odnosu na Ø 1974-75	97	89	81	96	94	104	100	98	99	102
- u odnosu na najniži nivo	100	91	82	101	96	119	102	100	103	105
- u odnosu na najviši nivo	93	84	64	91	82	102	95	96	97	94
Stopa rasta: 17)										
Ø 1971-75=100	-1.4	-6.7	-11.6	-1.7	-3.7	2.2	-0.4	-1.1	-1.5	0.7
Ø 1974-75=100	-1.1	-6.5	-8.6	-1.6	-2.2	1.1	0.2	-0.9	-0.6	1.6
- Najniži nivo = 100	-0.5	-6.0	-8.6	-0.7	-1.8	3.8	0.6	-0.5	0.0	2.2
- Najviši nivo = 100	-1.9	-7.4	-12.9	-2.5	-4.8	0.7	-0.8	-1.3	-2.9	-0.2
Porast površina 18)										
- u odnosu na Ø 1971-75	-109	-38	-4	-25	-7	5	-40	-20	-5	-15
- u odnosu na Ø 1974-75	-62	-35	-2	-22	-3	2	-2	-12	-1	-11

KEY: 1. Periods	10. Serbia proper
2. Yugoslavia	11. Kosovo
3. Bosnia and Herzegovina	12. Vojvodina
4. Montenegro	13. Lowest level
5. Croatia	14. Highest level
6. Macedonia	15. Indexes
7. Slovenia	16. Relative to
8. Serbia	17. Growth rates
9. Total	18. Increase in area

Increase in yield is also characteristic of individual sectors of ownership. Especially rapid growth is observed on the farms of individual producers, where yields were more than 50 percent higher than at the end of the period under consideration (index of 152) than at the beginning of the period.

Otherwise in this ownership sector the yield ranged from 2360 kilograms per hectare (in 1970) to 4190 (in 1979), this indicating that considerable possibilities exist for achieving higher corn yields on private holdings. A similar increase in yield has been achieved by individual farmers who cooperate with the public sector in production (a level 25 percent higher in 1981 than in 1970; that is, the yield was 1370 kilograms per hectare higher). Agricultural organizations recorded a more moderate (17 percent) increase in average corn yields, along with reduction of the difference relative to individual farmers (the level 2.1 times higher in 1970 dropped to 1.6 times higher). Over the period under consideration the yields in question in agricultural organizations increased by somewhat more than 1000 kilograms per hectare⁽²⁾. From the viewpoint of average corn yields in Yugoslavia, recent years have been characterized by a tendency toward stabilization at a higher level, both in the aggregate and within the different ownership sectors. The differences exhibited between the public and the private sector are the result of greater investments and of employment of modern production engineering and technology, of which there is a shortage precisely among individual corn growers.

The increase in the average yields of agricultural organizations over the last plan period (1976-1980) has stabilized at a higher level than during the preceding period (1970-1975), this being the result of new engineering and technological solutions in the production of corn (the major mechanization line, the "green conveyor" system, ensilage of corn without drying, etc).

Table 3. Average Corn Yields Per Hectare (in Tons Per Hectare)

1) Godina	2) Ukupno	3) Individualni poljoprivredni proizvođači		6) Poljoprivredne organizacije	
		4) svega	5) od toga u kooperaciji	4) svega	7) Indeks ind. polj. proiz. = 100
1970.	2.95	2.63	4.30	5.50	209
1971.	3.08	2.81	4.47	5.38	191
1972.	3.33	3.07	4.56	5.59	182
1973.	3.47	3.25	4.79	5.28	162
1974.	3.56	3.31	4.92	5.78	174
1975.	3.97	3.71	5.29	6.08	164
1976.	3.84	3.64	5.05	5.34	147
1977.	4.25	4.00	5.68	6.38	160
1978.	3.56	3.33	5.00	5.87	176
1979.	4.48	4.19	5.96	6.79	162
1980.	4.22	3.95	5.66	6.46	164
1981.	4.27	3.99	5.36	6.41	161

KEY: 1. Year
2. Total
3. Individual farmers
4. Total
5. In cooperative production
6. Agricultural organizations
7. Individual farm index = 100

The average yields of corn achieved over the preceding two plan periods, examined from the viewpoint of the individual republics and autonomous provinces, supplement the information on the differences in the degree of development and departure from the average level for Yugoslavia as a whole. The republics and autonomous provinces containing regions with the optimum conditions for corn production (Croatia and Socialist Autonomous Province of Vojvodina) achieved dynamic growth as regards corn yield over the last plan period and thus increased the difference relative to the regions with less favorable agro-economic conditions for such production (Table 4).

Table 4. Average Corn Yield Per Hectare Relative to Average Yield Over 1971-1975 and 1974-1975 Periods (in Tons Per Hectare)

	SFRJ 1)	Bosna Hercegovina 2)	Crna Gora 3)	Hrva- tska 4)	Make- doni- ja 5)	Slo- veni- ja 6)	7) Srbija			
							svega 8)	uže područ- je 9)	Koso- vo 10)	Voj- vodi- na 11)
Ø 1971-1975.	3.48	2.05	1.63	3.64	1.93	3.39	3.81	3.01	2.01	4.98
Ø 1974-1975.	3.77	2.23	1.61	4.00	1.89	3.69	4.10	3.25	2.06	5.39
- Najniži 12)										
prinosi	3.08	1.46	1.44	3.25	1.74	2.82	3.42	2.60	1.73	4.57
- Najviši 13)										
prinosi	3.97	2.26	1.80	4.15	2.07	3.85	4.37	3.41	2.28	5.76
1971.	3.08	1.46	1.47	3.25	1.92	2.82	3.42	2.60	1.73	4.57
Ø 1976-1980.	4.07	2.38	1.81	4.21	1.97	3.69	4.44	3.51	1.92	5.86
- Najniži										
prinosi	3.56	1.92	1.42	3.84	1.57	3.41	3.81	2.86	0.87	5.26
- Najviši										
prinosi	4.48	2.59	2.05	4.54	2.29	3.98	4.95	3.92	2.51	6.42
1980.	4.22	2.34	1.69	4.15	2.09	3.78	4.65	3.63	1.84	6.07
Ø 1976-1980=100										
Indeksi: 14)										
- u odnosu na 15)										
Ø 1971-75.	117	117	111	116	102	109	117	117	96	118
- u odnosu na 16)										
Ø 1974-75.	108	107	112	105	104	100	108	108	93	109
- u odnosu na 17)										
najniži nivo										
prinosa	132	163	126	130	113	131	130	135	111	128
- u odnosu na 18)										
najviši nivo										
prinosa	103	105	101	101	95	96	102	103	84	102
Stopa rasta: 19)										
Ø 1971-75=100	3.9	2.9	0.7	2.7	1.6	2.2	4.1	3.8	-1.7	4.0
Ø 1974-75=100	2.3	1.0	1.0	0.7	2.0	0.2	2.6	2.2	-2.2	2.4
- Najniži										
prinosi=100	6.5	9.9	3.3	5.0	3.7	6.0	6.3	6.9	1.2	5.8
- Najviši										
prinosi=100	1.2	0.7	-1.7	0.0	0.2	-0.4	1.3	1.3	-4.2	1.1
Porast prinosa 20)										
1980										
- u odnosu na 21)										
= 1971-1975	0.74	0.31	0.06	0.51	0.16	0.39	0.84	0.62	-0.17	1.07

KEY:	1. Yugoslavia	11. Vojvodina
	2. Bosnia and Herzegovina	12. Lowest yields
	3. Montenegro	13. Highest yields
	4. Croatia	14. Indexes
	5. Macedonia	15. Relative to average for 1971-1975
	6. Slovenia	16. Relative to average for 1974-1975
	7. Serbia	17. Relative to lowest yield level
	8.	18. Relative to highest yield level
	9. Serbia proper	19. Growth Rates
	10. Kosovo	20. 1980 yield increase
		21. Relative to

Despite the significant differences in the level of average yields per hectare achieved in the individual and the public sectors, substantial reserves for increasing the average yield exist in hill and mountain areas throughout the territory of Yugoslavia, and especially in Bosnia and Herzegovina, Macedonia, and Kosovo.

1.3. Total Production

The instability of the area planted with corn and the variation in yields achieved per unit area have had an impact on total production, which varies widely among the individual years of the period under consideration (Table 5). The fluctuations observed in production accomplished are the consequence mostly of unfavorable economic circumstances.

Increase in the volume of production has been affected more by the increase in yield⁽³⁾ than by increase in the area sown. The largest volume of total production (10.084 million tons) was produced in 1979, that is, in the year with the highest average yield per unit area (4.5 tons per hectare). The greatest shortfall in production volume occurred in 1978 (7.585 million tons), with an average yield of 3.6 tons per hectare. Variability of production in individual years is much more pronounced on individual holdings which do not cooperate with the public sector in corn production. Thus, for example, the decrease in yield in 1978 relative to the previous year amounted to 17 percent, in contrast to cooperating farms, on which yields were 12 percent lower, and to agricultural organizations, where yields were 8 percent lower. This is for the most part the result of application of a different level of agricultural engineering measures on these farms. All this was reflected in the different level of total production achieved in 1981, which was 43 percent higher than in 1970, 38 percent in the individual sector, 78 percent in cooperative production, and 60 percent higher in the public sector.

Table 5. Total Corn Production (in Thousands of Tons)

1) Godina	2) Ukupno	3) Individualni poljoprivredni proizvođači		6) Poljoprivredne organizacije	
		svega 4)	u koope- raciji 5)	svega 4)	% od ukupnih pri- nosa 5)
1970.	6.933	5.887	1.872	1.046	15.1
1971.	7.442	6.118	2.024	1.324	17.8
1972.	7.930	6.583	1.832	1.347	17.0
1973.	8.253	6.888	1.582	1.365	16.5
1974.	8.031	6.703	1.607	1.328	16.5
1975.	9.389	7.802	2.040	1.587	16.9
1976.	9.106	7.666	2.416	1.440	15.8
1977.	9.870	8.332	2.672	1.538	15.6
1978.	7.585	6.427	2.235	1.158	15.3
1979.	10.084	8.411	2.972	1.673	16.6
1980.	9.317	7.783	3.121	1.534	16.5
1981.	9.802	8.130	3.338	1.672	17.1

KEY: 1. Year
2. Total
3. Individual farm producers
4. Total
5. In cooperative production
6. Agricultural organizations
7. Percentage of total yields

Table 6. Stipulated Corn Production in 1980 in Comparison to Average Actual Production Over the 1971-1975 and 1974-1975 Periods

	SFRJ 1)	SR Bosna i Her- cego- vina 2)	SR Crna Gora 3)	SR Hrva- tska 4)	SR Makedo- nija 5)	SR Slo- veni- ja 6)	7) SR Srbija			
							svega 8)	uža terito- rija 9)	SAP Koso- vo 10)	SAP Vojvo- dina 11)
Ø 1971-1975	8.210	619	20	1.849	100	174	5.448	2.072	218	3.158
Ø 1974-1975	8.712	668	18	2.028	92	199	5.707	2.209	214	3.284
Najniži nivo ¹⁾ 12)	7.443	465	17	1.659	86	135	4.982	1.811	190	2.981
Najviši nivo ²⁾ 13)	9.390	699	23	2.202	109	212	6.174	2.346	241	3.587
Društveni dogovor 1980. 14)	10.700	800	20	2.550	150	270	6.910	3.060	300	3.550
Indeksi: 15)										
1980: Ø 1971- 75	130	129	100	138	150	155	127	148	138	112
1980: Ø 1974- 75	123	120	111	126	163	136	121	179	140	108
1980: Najniži nivo	144	172	118	154	174	200	139	169	158	119
1980: Najviši nivo	114	114	87	116	138	127	112	130	125	99
Stope rasta: 16)										
Ø 1971-75=100	5.4	5.2	0.1	6.7	8.4	9.2	4.9	8.2	6.7	2.3
Ø 1974-75=100	4.2	3.7	2.1	4.7	10.3	6.3	3.9	6.8	7.0	1.6
Najniži nivo = 100	7.6	11.5	3.4	9.0	11.7	14.9	6.8	11.1	9.6	3.5
Najviši nivo = 100	2.7	2.7	-2.7	3.0	6.7	4.9	2.3	5.4	4.6	-0.2
Porast proizvodnje u odnosu na: 17)										
a) Ø 1971-75	2.490	181	—	701	50	96	1.462	988	82	392
Struktura u %. 18)	100	7	—	28	2	4	59	40	3	16
b) Ø 1974-75	1.988	132	2	522	58	71	1.203	851	86	226
Struktura u %	100	7	—	26	3	4	60	43	4	13

1) Najniži nivo 19)

u periodu

1971-1975. go-

dine u god.

1971

1971.

1974

1972.

1974.

1971.

1971.

1974

2) Najviši godiš-

nji nivo u pe-

riodu 1971-75.

god. u god.

1975.

1975.

1973.

1975.

1973.

1975.

1975.

1973

1975.

3) Stope rasta izračunate su polazeći od postavke da se dogovoreni nivo proizvodnje u 1980. godini u odnosu na nivo koji je uzet kao 100 treba da ostvari u periodu 1976-1980. (za pet godina). 21)

- KEY:
1. Yugoslavia
 2. Bosnia and Herzegovina
 3. Montenegro
 4. Croatia
 5. Macedonia
 6. Slovenia
 7. Serbia
 8. Total
 9. Serbia proper
 10. Kosovo
 11. Vojvodina
 12. Lowest level
 13. Highest level

14. 1980 social contract

15. Indexes

16. Growth rates

17. Production growth relative to

18. Structure in percent

19. Lowest level over 1971-1975 period

20. in (year)

20. Highest level over 1971-1975 period

in (year)

21. The growth rates have been calculated on the assumption that the stipulated production level in 1980 relative to the level taken as 100 must have been reached over the 1976-1980 period (in 5 years)

The regional aspect of total corn production was taken into account in social contracts among the republics and autonomous provinces in previous plan periods. The first integrated approach was applied over the 1976-1980 plan period. The stipulated, and accordingly planned, corn production took account of the budget needs and production capabilities of the regions (Table 6). Planned production growth took place predominantly in the so-called grain growing regions.

Table 7. Corn Production Over the 1976-1980 Period in Comparison to Average Actual Production Over the 1971-1975 and 1974-1975 Periods (in Thousands of Tons)

	SFRJ 1)	SR Bosna i Her- cego- vina 2)	SR Crna Gora 3)	SR Hrva- tska 4)	SR Mace- doni- ja 5)	SR Slo- veni- ja 6)	7) SR Srbija			
							svega 8)	uža terito- rija 9)	SAP Koso- vo 10)	SAP Vojvo- dina 11)
Ø 1976-1980.	9.186	635	16	2.051	80	207	6.190	2.345	197	3.647
- Najniži nivo 12)	7.583	484	11	1.882	70	185	4.926	1.854	87	2.984
- Najviši nivo 13)	10.085	817	20	2.257	106	226	6.802	2.582	246	4.004
Ostvarenje 1976-1980. 14)										
Indeksi: 15)										
- u odnosu na 16)										
nivo iz Dogovora	86	79	80	80	59	77	90	77	66	103
- u odnosu na 17)										
Ø 1971-75.	112	103	80	111	88	119	114	113	90	115
- u odnosu na										
Ø 1974-75.	106	95	89	101	96	104	109	106	92	111
- u odnosu na										
1980.	99	131	123	105	100	97	95	99	107	91
- u odnosu na 18)										
najniži nivo	121	131	145	109	126	112	126	126	226	122
- u odnosu na 19)										
najviši nivo	91	78	80	91	83	92	91	91	80	91
Stope rasta: 20)										
- Ø 1971-75=100	2.5	-4.8	-8.2	1.0	-2.5	4.2	3.7	2.6	-3.3	4.8
- Ø 1974-75=100	1.3	-6.2	-6.3	-0.9	-0.9	1.5	2.8	1.3	-3.0	4.0
- Najniži										
nivo=100	4.2	0.0	3.4	0.7	4.7	3.0	5.8	4.9	16.2	6.1
- Najviši										
nivo=100	-1.6	-10.0	-8.2	-2.9	-3.5	-1.1	-0.8	-1.8	-5.6	0.0
Porast proizvodnje: 21)										
- u odnosu na										
Ø 1971-75.	976	16	-4	202	-12	33	741	273	-21	489
- Struktura u % 100		2	-	21	-	3	76	28	-	50
- u odnosu na 22)										
Ø 1974-75.	474	-33	-2	23	-4	8	482	136	-17	363
- Struktura u % 100		-	-	5	-	2	-	29	-	77

KEY:	1. Yugoslavia	12. Lowest level
	2. Bosnia and Herzegovina	13. Highest level
	3. Montenegro	14. 1976-1980 actual figures
	4. Croatia	15. Indexes
	5. Macedonia	16. Relative to contract level
	6. Slovenia	17. Relative to
	7. Serbia	18. Relative to lowest level
	8. Total	19. Relative to highest level
	9. Serbia proper	20. Growth rates
	10. Kosovo	21. Production growth
	11. Vojvodina	22. Structure in percent

Actual corn production over the 1976-1980 period, when compared to average production during the 1971-1975 plan period and in the base year, is seen to have increased the most in the production regions. The planned 1980 level is only exceeded, by 3 percentage points, in Vojvodina, while it is 20 percent lower in Croatia, and the decrease is even sharper in the other republics and in Kosovo (Table 7). In addition to Vojvodina, the territory of Serbia outside the autonomous provinces, Slovenia, and Croatia are noteworthy from the viewpoint of several indicators over the period in question, ones which determine success in corn production.

The production growth trend is being successfully maintained in Vojvodina, in Serbia less the autonomous provinces, in Slovenia, and in Croatia. The farmers in these areas achieved the bulk of the increase in corn production over the period in question, the leaders being Vojvodina, Serbia less the autonomous provinces, and Croatia.

The actual level of corn production in 1980 (Table 8) was higher only in Vojvodina (by 13 percent) than the plan target. The greatest shortfall occurred in Macedonia, Kosovo, and Bosnia-Herzegovina. The highest growth rates (2 to 6 percent on the annual average) as reflected in the comparative indicators were also reached in Vojvodina, which was followed by Serbia less the autonomous provinces and Slovenia. Absolute increase in corn production in 1980, relative to the previous plan period and to the 1976-1980 average, was achieved in Vojvodina, Serbia less the autonomous provinces, and Slovenia.

As is to be seen from the table, the plan target for a specific production level in the last plan year was reached only in Vojvodina.

The overall trend, from the geographic viewpoint, of the efficiency of corn production (Table 9), as expressed in percentage of area and production in the republics and autonomous provinces, remained essentially unchanged in 1981 relative to 1971. Over the decade in question Vojvodina and Croatia continued a positive trend in average development, that is, the percentage of actual production was higher than the percentage of area devoted to corn production. Over the decade 1971-1981 and beyond the share of Vojvodina (39.8 percent) in Yugoslav corn production continued to increase, while the percentage of land under corn (28.7 percent) remained virtually stable.

A much lower but still appreciable relative efficiency is exhibited by Croatia, which accounts for 24.3 percent of corn production and 22.6 percent of the land planted with corn. The territory of Serbia less the autonomous provinces, which has the largest area (29 percent), displays a trend toward decline in the share of corn produced from 24.3 percent to 22.6 percent. All other republics and Kosovo Province are characterized by relatively unsatisfactory efficiency in corn production.

Table 8. 1980 Corn Production in Comparison to Average Actual Production Over the 1971-1975 and 1974-1975 Periods (in Thousands of Tons)

	SFRJ 1)	SR Bosna i Her- cego- vina 2)	SR Crna Gora 3)	SR Hrva- tska 4)	SR Makedo- nija 5)	SR Slo- veni- ja 6)	7) SR Srbija			
							8) svega	9) uža terito- rija	10) SAP Koso- vo	11) SAP Vojvo- dina
Ø 1971-1975	8.208	619	20	1.849	100	174	5.446	2.070	218	3.158
Ø 1974-1975	8.712	668	18	2.028	92	199	5.703	2.206	214	3.283
Najniži nivo 12)	7.443	465	17	1.659	86	135	—	1.811	190	2.981
Najviši nivo 13)	9.390	699	23	2.202	109	212	—	2.346	241	3.587
Ø 1976-1980	9.186	635	16	2.051	88	207	6.189	2.345	197	3.647
Najniži nivo	7.583	484	11	1.882	70	185	—	1.854	87	2.984
Najviši nivo	10.082	817	20	2.257	106	226	—	2.582	246	4.004
Ostv. u 1980 14)	9.293	484	13	1.945	88	214	6.549	2.361	184	4.004
Indeksi: 15)										
— u odnosu na nivo iz 16)										
Dogovora	87	61	65	76	59	79	95	77	61	113
— u odnosu na 17)										
Ø 1976-80.	101	76	81	95	100	103	106	101	93	110
— u odnosu na										
Ø 1971-75	113	78	65	105	88	123	120	114	84	127
— u odnosu na										
Ø 1974-75	107	72	72	96	96	108	115	107	86	122
— u odnosu na 18)										
najniži nivo (1976-80.)	123	100	118	103	126	116	—	127	211	134
— u odnosu na 19)										
najviši nivo (1976-80.)	92	59	65	86	83	95	—	91	75	100
Stope rasta: 20)										
Ø 1971-75=100	2.5	-4.8	-8.2	1.0	-2.5	4.2	3.7	2.7	-3.4	4.9
Ø 1974-75=100	1.3	-6.4	-6.4	-0.8	-0.8	1.5	2.8	1.3	-3.0	4.1
Ø 1976-80=100	0.2	-5.4	-4.1	-1.0	0.0	0.6	1.2	0.2	-1.5	2.0
Najniži nivo										
= 100	4.2	0.0	3.4	0.6	4.7	3.0	—	4.9	16.1	6.0
Najviši nivo										
= 100	-1.7	-10.0	-8.2	-3.0	-3.7	-1.0	—	-1.9	-5.7	0.0
Porast proizvodnje: 21)										
— u odnosu na										
Ø 1971-75	1.085	-135	-7	96	-12	40	1.103	291	-34	846
— struktura u %	100.0	-12.44	-0.64	-8.85	-1.11	3.69	101.65	26.81	-3.13	77.97
— u odnosu na 22)										
Ø 1976-80.	107	-151	-3	-106	—	7	360	16	-13	357
— strukt. u %	100.0	-141.12	-2.80	-99.06	—	6.94	336.44	14.95	-12.15	333.64

KEY:	1. Yugoslavia	12. Lowest level
	2. Bosnia and Herzegovina	13. Highest level
	3. Montenegro	14. 1980 actual figures
	4. Croatia	15. Indexes
	5. Macedonia	16. Relative to contract level
	6. Slovenia	17. Relative to
	7. Serbia	18. Relative to lowest level
	8. Total	19. Relative to highest level
	9. Serbia proper	20. Growth rates
	10. Kosovo	21. Production growth
	11. Vojvodina	22. Structure in percent

Table 9. Trends in Corn Production Efficiency

	1971.		1981.	
	1) udeo u površin.	2) udeo u proizv.	udeo u površin.	udeo u proizv.
SFRJ 3)	100.0	100.0	100.0	100.0
Bosna i Hercegovina 4)	13.2	6.3	10.6	7.0
Crna Gora 5)	0.6	0.3	0.3	0.1
Hrvatska 6)	21.6	22.8	22.6	24.3
Makedonija 7)	2.3	1.4	1.8	1.3
Slovenija 8)	1.9	1.8	2.7	2.7
Srbija 9)	60.4	67.4	62.0	64.7
Terit. Srbije bez SAP 10)	28.6	24.3	29.0	22.6
Kosovo 11)	4.3	2.5	4.3	2.3
Vojvodina 12)	27.3	40.6	28.7	39.8

KEY: 1. Percentage of area 6. Croatia
 2. Percentage of production 7. Macedonia
 3. Yugoslavia 8. Slovenia
 4. Bosnia and Herzegovina 9. Serbia
 5. Montenegro 10. Serbia less autonomous provinces

2. Corn Consumption and Corn Market

2.1. Total Corn Consumption

Yugoslav corn production is still characterized by a high level of natural consumption, more than two-thirds (70.8 percent) being consumed on corn producing farms. Slightly more than one-fourth (about 27 percent) of the total amount produced is consumed in industrial processing, the bulk of this amount (23 percent) being used in the stock feed industry for production of finished feed mixtures. In the variations described, a declining trend is observed in corn exports (Table 10).

The most important item in the balance sheet of total corn amounts is consumption for livestock feeding. Stepping up of the pace of meat production and abandonment of livestock production technology utilizing the production resources of bulk stock feeding (meadows and pastures) have been accompanied by increased consumption of corn in livestock feeding, by way of mixed feeds. Consumption of corn for livestock feeding increased at an average annual rate of 2 percent over the period in question. The relative share of consumption in the total amounts of corn produced declined from 82 percent to 73 percent. However, it must necessarily be inferred that the consumption of such large amounts of corn for feeding and fattening livestock has not resulted in greater production of meat and other livestock products. A high production of meat with a much lower consumption of concentrated stock feeds is achieved in countries with intensive livestock raising (France and Holland) (4).

Table 10. Corn Consumption Structure

	1) U hiljadama tona			2) Struktura		
	1961.	1970.	1981.	1961.	1970.	1981.
Ukupno	5.368	7.486	8.221	100.0	100.0	100.0
Potrošnja na 3) gazdinstvima ¹⁾	4.593	5.462	5.824	85.5	73.0	70.0
Prerada u industriji 4)	400	1.738	2.228	7.5	23.9	27.1
Brašno i griz 5)	60	112	289	1.1	1.5	3.5
Skrob 6)	79	110	1	1.5	1.5	
Spiritus i pića 7)	70	3	42	0.4	0.2	0.5
Krmne smjese 8)	241	1.513	1.897	4.5	20.0	23.1
Izvoz 9)	75	286	169	7.0	3.8	2.1

Source: Corn Institute, Zemun Polje and SZJP.

(1) Consumption on farms producing corn is shown, both for feeding livestock directly or for preparing feed mixes at mixing shops and for human consumption, etc.

KEY: 1. In thousands of tons 6. Starch
 2. Structure 7. Alcohol and beverages
 3. Total consumption on farms 8. Mixed feeds
 4. Processing in industry 9. Exports
 5. Flour and groats

Corn consumption in the food industry approximately doubled over the period in question (Table 12). The most important area of industrial processing of corn continues to be the production of concentrated feed mixes (85 percent of total processing). More than 100 major industrial capacities have been built; they turn out an annual production of about 3.5 million tons of complete and mixed feeds and superconcentrates. There are numerous mixing shops which prepare feed mixes in agricultural organizations and agricultural cooperatives; more than 500,000 tons of such feeds are produced in the shops each year. Since corn accounts for 60 to 70 percent of the mixed feeds produced, it follows that more than 25 percent of total corn output is processed in this industry⁽⁵⁾.

Other branches of industry (manufacture of food products and production of beverages) have reached a level of around 350,000 tons (4 percent of the total amounts consumed) in consumption of corn in processing. The manufacture of industrial products from corn reached the following levels (in tons) in 1981:

Cornmeal	21,217
Coarse grind--groats	116,465

Intensive work has been in progress of late to broaden the scope of industrial, especially chemical, processing of corn. There is increasing talk of corn as an energy raw material, whether it is a question of grain corn or of corn residue. The question is again being raised of using the corn plant on the largest possible scale, by ensiling the entire plant or the grain alone, in order to conserve energy in drying grain corn. Research is also in progress to devise efficient methods of converting corn to ethanol which to a certain extent would replace gasoline.

2.2. The Corn Market

The marketability of corn output is very low. The amount purchased each year ranges from 12 to 36 percent of total production (Table 13). The bulk of production (about 80 percent of the total) is consumed by individual farmers on their own farms for feeding livestock. This is the basic reason why a maximum of only 15 percent of the output of such farms is bought.

On the other hand, agricultural organizations sell more than 60 percent of the amounts which they produce. This has had the result that corn, the demand for which is great, is bought and sold chiefly in trade between farms and at prices higher than the guaranteed (prescribed) prices. The low prescribed guaranteed (producer selling) prices of corn (which have been of no practical importance as a factor in market stability) have at the same time been adopted as the basis for establishing the guaranteed prices of livestock. As a result, the technological production sector represented by livestock, livestock feed, and meat production has been the most disorganized sector of the entire agroindustrial complex. In view of this situation, the essential marketable reserves of corn have not been formed, since it has not been possible to purchase corn at the prescribed prices.

The failure to establish market relationships has also had an impact on the parities (both domestic and foreign) of corn prices. The (producer) price ratio of wheat to corn has varied from 0.79 to 1.08 and has had a significant influence on the production orientation and attainment of plan targets in grain production. More favorable price parities have been established for corn growers in relation producers of pork and poultry meat. Thus hog and poultry growers in 1973 created with 1 kilogram of meat the market equivalent of about 11.6 kilograms of corn. In 1981 this ratio had become 7.45 for pork and 5.38 for poultry meat.

The relationship of corn producer prices to the prices of inputs which this production mostly procures from other sectors of the economy has had an impact on economics and profitability in this production. While the relationship of corn prices to the prices of mineral fertilizers, tractors, and combines has been stabilized at a favorable level, the relationship to petroleum prices is much worse. Thus in 1972 corn producers exchanged 60.7 kilograms of mercantile corn to procure 100 kilograms of polynutrient fertilizer, and 57.5 kilograms in 1981. However, distinctly unfavorable relationships have arisen in procurement of diesel fuel (petroleum and gas oil, D2); in 1972 a farmer had to exchange 182.2 kilograms of corn for 100 kilograms of petroleum, but 228.5 kilograms of corn in 1981. The extent to

which such exchange relationships have affected production orientation is also demonstrated by data indicating that the cost of fuel and lubricants on public sector farms in 1980 accounted for about 25 percent of the total costs of materials and services.

Table 13. Purchase Prices and Corn Purchases

1) Godine	2) Cene din/kg		5) Otkup u hilj. tona			9) % otkupa od proizvod.		
	otkupne ¹⁾ 3)	propisane 4)	ukupno 6)	od poljo- privred- nih orga- nizacija 7)	od indvi- dual- nih proiz- vodača 8)	ukupno 10)	poljo- privred- ne orga- nizacije 11)	indvi- dualni proiz- vodači 12)
1970.	0.73	...	1.063	580	483	15	55	8
1971.	1.11	0.90	886	525	361	12	40	6
1972.	1.16	1.00	941	523	418	12	39	6
1973.	0.99	1.10	1.347	783	564	16	57	8
1974.	1.73	1.30	1.145	692	453	14	52	8
1975.	2.30	1.70	1.510	883	627	16	56	8
1976.	2.12	1.70	1.600	782	818	18	54	11
1977.	2.17	1.70	1.714	933	781	17	61	9
1978.	3.11	2.30	1.341	602	739	18	52	11
1979.	4.01	3.45	1.597	916	681	16	55	8
1980.	5.14	4.47	1.890	896	994	20	58	13
1981.	8.28	7.65	2.248	1.011	1.237	23	60	15

(1) Calculated by dividing the corn purchase value for individual years by the purchase volume expressed in kilograms.

Source: Statistical Bulletins "Purchase Transactions in Agricultural Products."

- KEY: 1. Years 7. From agricultural organizations
 2. Prices, dinars per kilogram 8. From individual farmers
 3. Purchase 9. Percentage purchased from producers
 4. Prescribed
 5. Amounts purchased, thousands of tons 10. Agricultural organizations
 6. Total 11. Individual farmers

2.3. Corn Exports

As the largest European producer of corn and occupying a prominent place on the list of world producers, Yugoslavia long ago decided to engage in marketing corn as a commodity in international trade. Favorable factors in this context have been the quality of Yugoslav corn and the demand which has arisen for it, both in Europe and throughout the world. However, these decisions in economic policy have not been accompanied by performance in production, and in particular by stability of the domestic corn market.

There has been a lag in adoption of programs of long-term decisions for earmarking output for export. This is to be seen to some extent in exports of seed corn (Table 14). This production has been stabilized (except for

fluctuations in individual years), something which has been reflected in growth of exports, from 8800 tons in 1970 to 52,000 tons in 1981 (98,000 tons were exported in 1977)(6). However, there have been pronounced variations in exports of mercantile corn (in individual years Yugoslavia has even imported corn in order to stabilize disrupted market relationships), with the lowest level, 423,000 tons, reached in 1976. Total corn exports otherwise represent about 24 percent of total agricultural exports.

Table 14. Exports of Seed and Mercantile Corn (Amounts in Tons; Values in Thousands of Dinars)

1) K u k u r u z					
Godina 4)	2) Semenski		3) Merkantilni		" " ukupne proizvodnje 7)
	količina 5)	vrednost 6)	količina	vrednost	
1970.	8.797	13.260	286.772	218.073	4.3
1971.	20.496	91.894	42.106	44.913	0.8
1972.	19.547	108.161	—	—	0.3
1973.	18.387	171.369	258.343	521.181	3.4
1974.	28.018	438.556	262.924	499.357	3.6
1975.	31.585	419.370	20.226	54.484	0.6
1976.	35.526	611.003	423.364	934.446	5.0
1977.	98.350	926.919	227.262	472.299	3.3
1978.	52.789	906.803	114.970	209.387	2.2
1979.	19.772	316.125	100	931	0.2
1980.	40.171	1.124.034	232.796	1.226.665	2.9
1981.	51.638	1.534.640	168.708	849.568	2.2

Source: Foreign Trade Yearbooks for the corresponding years.

KEY: 1. Corn 4. Year
2. Seed 5. Amount
3. Mercantile 6. Value
4. Year 7. Percent of total production

Findings

Yugoslavia is a country which, along with the total output level reached, has achieved good results in creating high-yield corn hybrids with a very high biological yield potential (about 16 tons per hectare). Yugoslave institutes have more than 200 registered high-yield hybrids at their disposal. A problem exists, however, in that these hybrids still are not sufficiently used, especially on individual farms in hill and mountain regions. Another adverse aspect is that only a little more than one-fourth of the genetic potential of the high quality hybrids is utilized in Yugoslavia, while more than 45 percent of the potential of such hybrids is used in countries with a highly developed agriculture.

One major problem is that the production and marketing of corn are almost entirely beyond social control and administration. This is due to the fact that the main producers are individual farms and that in the family economy corn is for the most part marketed indirectly, by way of livestock products.

Hence, only a small percentage of production (about 20 percent) is purchases, the bulk of it being disposed of in trade between farmers.

In the long run the problem of corn production will have to be solved by means of large-scale production in the economic sense of the word, that is, production involving high technology, large-scale investments, and major economic effects (income per unit production). Hence it is necessary to join producers together in associations and to create larger complexes (grain fields), and also to expand the public sector, which is suffering from a shortage of land capacity for achieving a larger volume of marketable corn output. Cases are met with increasing frequency of banding together of producers in livestock raising, as well as collective procurement of grain combines, fertilizer spreaders, and other machines, but also cases of joining of plots together to form land complexes for large-scale production of corn. Projected as the final stage of these developments is the need for association of producers of livestock and livestock feed, processing organizations, and commercial organizations to form a reproduction entity and to conduct production and development policy in the spirit of economic logic in this segment of the agroindustrial complex.

There are significant latent reserves for resolving the problem of the budget items relating to the use of corn. Elaboration of a suitable concept of use, above all as silage, would contribute toward utilization of considerable amounts of corn (grain and silage or grain alone) with the nutritional and energy value aspects (savings in drying) taken into account. Hence the growing of corn for silage should be systematically developed and the most suitable silos should be built for this purpose.

One of the decisive questions in corn production continues to be price and the relationship of corn prices to the prices of livestock products. Settlement of the matter of relationships on the corn market should harmonize the market with the prescribed prices of these products. An essential requirement for overcoming this lack of coordination is making possible the production of 4 to 5 million tons of corn on public sector farms and in socially organized production for the market and the market reserve. This would contribute toward stabilization of the corn and livestock product markets. In addition, significant amounts of wheat now used as livestock feed could be placed on the market.

The problem of adequate corn production must be solved in parallel with increase in the production of other kinds of livestock feed, primarily bulk and juicy feeds, something which would lower production costs and contribute to the production of less costly meat. This is indicated by the examples set by developed countries (France and others), which produce two and one-half times more meat with a corn production approximately the same as that of Yugoslavia. There is no question that considerable reserves exist for increasing the yield of corn, primarily on individual farms (83 percent of total production). The reserves can be tapped by means of fuller application of modern agricultural engineering procedures (planting of suitable hybrids, greater use of fertilizers, plant protection agents, mechanical tilling and harvesting, etc). Otherwise, from the long-range viewpoint, more rational

use of other livestock feed sources is a requirement for greater marketability of corn and at the same time more profitable meat production, and more stable development of the production and export of agricultural food products in the years to come will depend largely on success in accomplishing this task.

FOOTNOTES

1. With an average corn yield of 4.27 tons per hectare in 1981, Yugoslavia, while the largest producer in Europe, obtained the lowest yield per hectare. The highest yields were achieved by Italy with 7.53, France with 5.37, Hungary with 5.32, Spain with 4.72 and Bulgaria with 4.61 tons per hectare (FAO figures).
2. The following highest yields were reached for corn in 1979: world 3.30; Yugoslavia 4.48; public sector in Vojvodina 7.32; and United States, on 9.8 million hectares, 8.00 tons per hectare (FAO figures).
3. Yugoslave seed selection specialists have created more than 200 corn hybrids which are different and original from the viewpoint both of growing characteristics and of use value. Of the total amount of hybrid corn seeds produced (over 100,000 tons), nearly 30,000 tons are consumed in the country, while the remainder is exported.
4. In 1980 France produced four times as much and Holland two and one-half times as much pork as Yugoslavia.
5. In recent years there has been a sharp decline in the production of bulk livestock feed and in grazing in meadows and pastures. Intensive meat production based on costly concentrates is being developed; this has led to high and not always rational consumption of corn in livestock feeding. Substantial imports of high-protein components (oil cakes and crushed oil seeds, fish meal, ground meat) have not made a sufficient contribution to rationalization of corn consumption. At the same time, promotion and increase in corn production is of priority importance for further development of livestock production, along with finding the most efficient solutions for planning optimum livestock feeding in order to lower the consumption of concentrated livestock feed per unit livestock product.
6. Yugoslavia is today known as a producer of quality seeds, not just for its own needs but for the needs of countries whose climatic conditions are not favorable for corn growing (the countries of northern Europe, in which such production is risky and costly because of the short growing season). Exports of quality selections of hybrids represent a peak achievement of exports of "science" and scientific achievements in the area of agriculture.

BRIEFS

BOSNIA-HERCEGOVINA ECONOMY--In the first 8 months of this year industrial production increased 3.7 percent, or 0.7 percent more than planned. Also, 481,000 tons of wheat and rye were produced, or 22 percent more than last year. A corn harvest of 880,000 tons is expected, or 10 percent more than last year. This republic increased exports to the convertible currency area by more than 20 percent over the same 8-month period last year, and reduced imports by 15 percent, thereby covering 80 percent of imports from this area by exports and reducing the deficit by 62 percent. Despite considerable difficulties, this republic met all its fixed and guaranteed obligations to foreign countries in this period. Other economic and social development indicators are very good and offer a guarantee that this hard year will nevertheless end satisfactorily. It was pointed out that 12 industrial branches are lagging, however, and that only five organizations of associated labor have thus far applied for available commodity credits. [Text] [Belgrade BORBA in Serbo-Croatian 4 Oct 83 p 3]

SLOVENIAN ECONOMY--In the first 9 months of this year industrial production increased 3.2 percent over the same 1982 period; production of machines and equipment increased 7.1 percent, raw materials and semi-finished goods by 3.8 percent, and consumer goods by 1 percent. It is now expected that industry in the republic will exceed the 1.5 percent increase which was planned for this year. Total exports increased 6.5 percent over the same 1982 period, while imports rose 5.5 percent, achieving a coverage of imports by exports of 82.2 percent. Exports to the convertible currency area rose 13.8 percent, while imports increased 2.5 percent. Total value of goods and services exported to the convertible currency market amounted to about 68 billion dinars, while goods and services valued at 74.7 billion dinars were imported (calculated on the basis of 63.40 dinars to the dollar). [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 14 Oct 83 p 11]

BOSNIA-HERCEGOVINA FOREIGN TRADE--The economy of this republic has not fully met its foreign trade plan for the first 9 months of this year because of the decline in exports, especially to the convertible currency area, in July and September, bringing the total increase to 4 percent over last year and that to the hard currency area down to 17.1 percent over the same 1982 period. In the next 2 months about a 25.7 percent increase must be achieved to meet the 20-percent increase planned for this year to that market area. Causes for the decline are high domestic market prices and domestic demand

and, subsequently, weak motivation to export, as well as the effects of the Law on Payments in Convertible Exchange which went into effect the beginning of July. Although relatively favorable export results were attained in the first 8 months of this year, especially to the convertible-currency area, the effective foreign exchange inflow is lagging considerably. Thus, from the \$940 million worth of exports, there was a hard currency inflow of \$372 million, or about 30 percent less than that earned in the same 1982 period, because of the slowness in collecting payments. Imports from the convertible currency area showed much more favorable trends. For the first 9 months they were about 10.5 percent below that of last year for the hard currency area and 9.7 percent less from the clearing account area. Total imports fell 14 percent compared to the same 1982 period. Exports from the convertible currency area covered 76.1 percent of imports from that area in this period. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 19 Oct 83 p 1]

MACEDONIAN FOREIGN TRADE--In the first 9 months of this year Macedonia increased exports 12.6 percent over last year and increased exports to the hard currency area by 17 percent. Macedonia reduced imports from the convertible-currency area by 26.5 percent and by 57 percent from Western countries which was made up somewhat by slightly increased imports from the clearing-account area. [Excerpt] [Belgrade BORBA in Serbo-Croatian 15-16 Oct 83 p 8]

KOSOVO TRADE--As of 15 September the Kosovo economy had exported \$128 million worth of goods, 2 percent less than in the same 1982 period. It imported over \$149 million worth of goods, or 6 percent more than in the same 1982 period. This trend which deviated considerably from the plan was the subject of discussion at a meeting of the Kosovo Economic Chamber. Although there was a certain improvement in exports to the convertible currency area (an increase of 17 percent), the world regional structure is not satisfactory: Kosovo imports largely from the convertible currency area and exports to the clearing account area where a considerable trade surplus has developed. Also only 1.5 percent of exports go to developing countries. An especially large burden is the paying off of foreign credits assumed to build thermal electric power plants. If one leaves aside the "Trepca" enterprise, the shock absorber factory, and the leather and footwear industry, the other approximately 100 Kosovo exporters failed to meet their ambitious export plans. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 18 Oct 83 p 4]

DRAFT LAW ON CREDIT CONVERSION--The National Bank of Yugoslavia recently issued the initial draft of a law on converting some of the short-term credits of banks and OURs (organizations of associated labor) based on money issue into long-term credits for current assets. This proposed law calls for the National Bank, through basic and associated banks, to convert one-half of the short-term credits which OURs received from the issuance of money into long-term credits for current assets. OURs would receive from business banks long-term 25-year credits calculated from 31 March 1984 at an annual interest rate of 19 percent, with repayment to be made in 20 installments beginning 31 March 1990. At the same time business banks would pay the National Bank 18 percent interest on these funds while all other conditions would be the same. The amount of short-term credits to be converted into long-term credits would be determined on the basis of the average monthly

status of the short-term credits which the OURS have used and the money from primary issue in banks from 31 August 1982 and 31 August 1983. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 18 Oct 83 p 1]

KOSOVO EMPLOYMENT--In the first 5 months of this year the Kosovo production economy hired 4,163 new workers and the non-production [administrative, service] sectors employed 1,208; the employment rate was 2.9 percent which is far below the plan of 4.7 percent. Kosovo work organizations at the same time reported a need for 11,932 workers in this period. Also during this time 3,100 workers went abroad, to Switzerland, Austria, and Libya, to work and 674 returned. The unemployed number 84,130. [Excerpt] [Pristina JEDINSTVO in Serbo-Croatian 20 Sep 83 p 3]

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